## EINANCIAL TIMES

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Silicon Valley Internet drives a

new wave of growth



**Scenario Planning** 

Predicted to make a comeback



Credit Ratings

How credible are the big two agencies?

**British PM** 

and Sinn

expected

to meet

By David Wighton, Political Correspondent

few weeks.

The first meeting between a

British prime minister and a

leader of Sinn Féin, the politi-

cal wing of the outlawed Irish

Republican Army, is expected to take place within the next

Tony Blair has decided to

put the prestige of his office as

prime minister on the line by

talking to Gerry Adams, the

Sinn Féin president, on the

Northern Ireland peace pro-

The historic meeting is

likely to follow shortly after

Sinn Féin joins the all-party

talks on Northern Ireland's

Agreeing to meet Mr Adams s seen as an inevitable conse-

quence of the government decision to admit Sinu Féin to

the talks which is expected to

rehabilitation, Mr Blair risks

great political damage should

The prospect of a meeting

between Mr Blair and Mr Adams was met with resigna-

tion yesterday hy the Ulster

Unionists. Mr John Taylor, the

party's deputy leader, said it

was "part of the process of the

government giving in, almost

on a daily hasis, to the

Two weeks ago Ken McGuinness, the Ulster Union-

ist security spokesman, met

Martin McGuinness, Sinn Féin's chief negotiator, in the

two parties' first ever televi-

Downing Street yesterday

denied there were any plans

for e meeting with Mr Adams, clear Sinn Féin would be

treated no differently from

other political parties once

Mo Mowlam, the Northern

Ireland secretary, will this

week complete her assessment

of whether the conditions for

Sinn Féin joining the talks

have been met following the

IRA's decleration of a

Continued on Page 14

admitted to the talks.

demands of the IRA".

sion debate.

be announced this week. But hy associating himself personally with Sinn Féin's

future next month.

the process fail.

Féin chief

#### World Business Newspaper http://www.FT.com

#### IMF opens talks with Albania on emergency aid

The international Monetary Fund is to open talks today with Aibania on the terms of an emergency economic support package. Agreement with the IMF on guidelines for econom policy is a crucial first step if Albania is to secure the backing of aid donors, including the World Bank and the European Union, to begin reconstruction after months of civil conflict triggered by the collapse of fraudulent pyramid finance schemes. Page 14

UBS predicts £100bn UK buy-backs: British companies could buy back £100bn (\$163bn) of their own shares over the next few years as they switch from equity to debt finance, research by Union Bank of Switzerland shows. Page 16

Training role for Vaunthall chief: Nick Rellly, chief executive of General Motors' UK arm, Vauxhall, is to head a UK government drive to improve standards among the private companies that provide £1.4bn (\$2.3bn) a year of publicly-funded training. Page 5

Curb on Schiphol night flights: Schiphol airport, Amsterdam, the fourth busiest in Europe, is to be closed to new services at night after the Dutch government acted to curb a breach in its agreed noise impact on nearby resi

israel seeks Japanese investment: Israeli prime minister Benjamin Netanyahu is to meet his Japanese counterpart. Ryutaro Hashimoto, in Tokyo in an effort to attract investment from Japanese companies. Page 3: Lex.

Israel Chemicals 32% ahead: Israel Chemicals, the export-driven chemicals group, said rapidly growing sales of more profitable products helped boost interim net profits by 32 per cent to \$51.9m. Page 17 Specialist funds fall from favour:

Specialist funds which back insurance syndicates at the Lloyd's of London insurance market have fallen out of favour with stock market. investors despite bumper profits, Page 15

CCT Telecom seeks \$258m: CCT Telecom, Hong Kong-based manufacturer of telecommunications equipment, is to raise HK\$2.01bn (US\$258m) through a rights issue to fund expansion in mainland China. Page 14 ·

Japan may send food to North Korea: Japan will consider providing food aid to famine-stricken North Korea, following agreement: between the two countries to resume talks on normalising relations. Page 3 🗀 Tatung to raise output from Telford:

double its output of televisions and computer monitors at Telford in the English midlands because of expected strong demand in Europe.

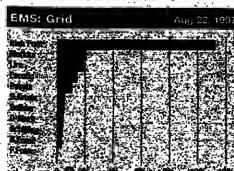
W.H. Snotth candidates Former Burton Group director Stuart Rose emerged as the leading outside candidate to head UK retailer W.H. Smith, whose chief executive resigned in June. Page 15; More questions than answers, Page 16

Shippam taken over by management: Shippam, the 247-year-old UK fish paste company, is to be reorganised and its workforce cut following a takeover by a management team for a reported £15m (\$24.5m). Page 15

Schumacher wins Belgian grand prix: Germany'a Michael Schumacher, driving a Ferrari, won the Belgian grand prix. Italy's Giancarlo Fisichella was second in a Jordan-Peugeot and Mika Hakkinen of Finland was third in a McLaren-Mercedes. The win increased Schumacher's lead in the drivers' world championship to 12 points.

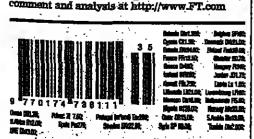
England win final test: England beat Australia in the final cricket test at the Foster's Oval, London, by 19 runs et the weekend. Australia retained the Ashes by winning the sixmatch series by 3-2. Scores: England 180 and 163; Australia 220 arc. 104.

European Monetary System: The D-Mark and the Dutch guilder swapped places in the EMS grid last week. All currencies except the hish punt are now well within their unofficial 2.25 per cent fluctuation bands against the grid's weakest currency. Currencies, Page 21



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other nbers of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25

FT.com: the FT web site provides online news,



## Waigel presses for reshuffle

By Frederick Stüdemann in Berlin and Ralph Atkins in

Kohl back from holiday to face crisis

Theo Waigel, Germany's interest rates may have to rise to keep the lid on inflation. Mr Waigel said in a televifinance minister, will today repeat his call for e cabinet reshuffle, adding to growing tension within the country's sion interview broadcast last week he wanted to relinquish ruling centre-right coalition. his current job after the elec-In an interview in Gertions, and hinted he was intermany's Focus magazine, Mr ested in another senior cabinet

would improve the coalition's chances of winning next year's national elections The comments add to the pressure on Helmut Kohl, the German chancellor, wbo returns from holiday today to face a crisis that threatens to

Waigel claims a reshuffle

party coalition. The political uncertainty comes against a background of concern on international financial markets that German

In the Focus interview be says be discussed the prospects for cabinet changes with Mr Kohl last week and he believes the chancellor will not disappoint his expectations of But Mr Kohl's Christian

Democratic Union yesterday talked down the possibility of upset the balance of the threechanges in the government. Peter Hintze, CDU general secretary told Welt am Sonntag, the Sunday newspaper:

"The cabinet does highly efficlent work. There is no need for e reshuffle". In a separate interview he said talk ebout cabinet personnel changes was "absolutely superfluous". Mr Hintze is close to Mr Kohl and it is unlikely his comments were made without the agreement of the chancellor.

Among the scenarios being discussed by observers is the creation of 8 "super ministry" combining the finance and economics portfolios, e merger of the social and health ministries and the sacking of the interior and construction ministers. The government vesterday denied these reports.

Mr Waigel, who also heads the Bavaria-based Christian Social Union, is believed to

beve an eye on the foreign ministry. The post bas been beld for nearly 30 years hy the liberal Free Democratic party which has already indicated it would strongly resist any pro-

Mr Kohl has in the past been adept at sitting out political storms. But Mr Waigel's comments have further damaged e government which, after its failure to push through much needed reforms, looks tired just as the September 1998 election campaign starts to get under way.

Relations between the chancellor's CDU and the CSU have already been strained by the issue of European economic and monetary union. Edmund Stoiber, Bavarian prime minis

ter and senior CSU figure, has repeatedly said Emu should proceed only if the public sec tor debt target of 3 per cent of gross domestic product, set for entry into e single currency, is met exectly. This appears unlikely.

Mr Kohl would have to move quickly to effect a reshuffle. Ideally, any cabinet changes would be made before the Bundestag, the lower house of parliament, reconvenes on September 8.

CDU leaders meet on Wednesday, followed on Thursday by a cabinet session. A more critical meeting for Mr Kohl could be a joint CDU/CSU strategy session on September 4 which will draw up plans for the 13 months leading up to the national elections.

> Editorial Comment and Observer, Page 13

## **Futures** markets waive fees for bund trading

By Vincent Boland

Europe's two largest futures and options exchanges have raised the stakes in their battle for market leadership ahead of European monetary union by offering a "fee holidsy" on Europe's most actively-traded bond futures con-

The moves by the London International Financial Futures and Options Exchange (Liffe) and the Deutsche Terminborse (DTB) in Frankfurt came as the DTB claimed a hig in futures contracts on long term German government bonds, or hunds, which are widely seen as the benchmark for Europe-wide interest rates after Emp.

The DTB said on Friday that from September 1 until the end of the year it would waive its fees for trading in futures and options on 10-year hunds, as well as futures on Schatz, or two-year German government bonds. It also said it would not charge any fees for trading in Bobl - or five-year German government bonds - futures and options until March 6 next

At the same time Liffe announced it would not charge fees on its new Bobl futures and options when trading starts on September 18. The exemption would also apply to trading in Liffe's existing bund futures and options.

Competition hetween the two exchanges has taken on a sharp edge since last month, when Danial Hodson, chief executive of Liffe, described it as "war". The term angered the DTB and Matif, the French exchange. Earlier this month, the DTB extended trading hours to match Liffe's.

The DTB said it was "now marching to a 48/48 per cent share" of total bund business, compared with 28 per cent a claimed to be ahead of competitors "across the entire spectrum of German fixed income derivatives".

However, it acknowledged that Liffe had "a broader range of products in the interest rate

As well as fighting for market share, both exchanges are seeking to prove that their methods of trading are superior. The DTB is an electronic exchange while Liffe employs

an open-outcry system. "This renewed competition hetween the two exchanges over the same product is intended to demonstrate the superiority of electronic

LIK News ...

Guide to the Week

## A million gather as the Pope celebrates mass



Senior clerics at a mass celebrated by the Pope at Longchamp racecourse near Paris yesterday. The event, attended by an

## estimated one million people, came on the last day of the Pope's visit to France and marked World Youth Day

## **Bosnian Serbs set** up rival authority

The Bosnian Serb power struggle between rival nationalist factions has split the Serb-controlled territory between two parallel governments with strongholds in the west and east, supporters of President Biljana Playsic said yesterday. Her rivals in the Serb Demo-

cratic ruling party, followers of the former president, Radovan Karadzic, an indicted war crimes suspect, said on Saturday they would not recognise a new interior minister appointed by Mrs Playsic and would no longer accept decisions or acts by her. Yesterday Milan Dupor, the president's legal adviser, accepted that the Serb entity within Bosnia had split into two halves.

"The survival of Republika Srpska is at stake," Mr Dupor said in an interview in Banja Luka, Mrs Playsic's stronghold in northwest Bosmia. He said that parliamentary alections called by Mrs Plavsic for Octoher should heal the divisions and lead to e more moderate government committed to implementing the US-mediated peace accord that ended Bos-

With the help of Nato-led forces, Mrs Playsic last week took control of all police insti-Continued on Page 14 tutions in Banja Luka, Bos-CONTENTS

nia's civil war in 1995.

By Guy Dinmore in Bania Luka nia's second biggest city. Her position wes strengthened when journalists of the hardline nationalist radio and tele vision network said they would no longer belp to broadcast the "primitive" propeganda ordered by Mr Karadzic's faction, based in the

> eastern town of Pale. About one-third of the ruling Serb Democratic party's local Banje Luka leadership has resigned in sympathy with Mrs Playsic, who is forming her

> Bosnian Serb generals warned last week that they would not stand by to watch the territory he divided hy Nato's support for Mrs Playsic. Western officials dismissed any possibility of intervention by the weakened Bosnian Serb army which is under tight Nato control. Serb generals had previously remained neutral in the power struggle and some senior officers are believed to be still loyal to Mrs Plavsic.

 UN war crimes investigators want to examine hundreds of tapes used in an eavesdropping operation by Bosnian Serh police, Reuters reports from Sarajevo. International police monitors found telephone-tapping equipment last week in a Banja Luka police station run by officers opposed to Mrs Playsic.

FT/S&P-A Wild Indices ..... 18

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Dutch government approves measures to try to prevent airport noise rising above agreed level

## Tighter night flight curbs at Schiphol

By Gordon Cramb in Amsterdam

Amsterdam'a Schiphol airport, the fourth husiest passenger hub in Europe, is to be closed to new services at night after the Dutch government acted to curb a breach in its agreed noise impact on local residents.

The 11pm to 6am ban will also force the rescheduling or cancellation of existing flights which use the noisiest types of aircraft, such as older DC-10s. Slightly less intrusive types of big jet, including older Boeing 747s, will be allowed to land during curfew but not take

The measures, agreed by the cab-

Three

prizes

go to

Gorges

Europe

and Harbin Electric

Machine, a Chinese com-

pany, will he the leading

subcontractors for the eight

The contract for the other

six units, valued at \$320m,

has been awarded to the con-

sortium which includes Sie-

of Canada. Another Chinese

engineering enterprise -

Dongfang Electric Machine -

will be the chief subcontrac-

tor for the manufacture of

to the Chinese enterprises,

Dongfang and Harbin,

account for 31 per cent of the

total contract price, accord-

ing to a statement from the

China Yangtze Three Gorges

Project Development Corpo-

ration, which is overseeing

the construction of the \$30bn

project. The consortia that

have won the contracts have

agreed to carry out technol-

ogy transfer to the two Chi-

The 14 hydro turbine gen-

erating units will have an

installed capacity of 700MW

each and a total installed

capacity of 9,800MW. In all,

26 power units will be

required by the Three

Gorges Project. Three

Gorges officials have

reported that the further 12

environmental groups.

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SWEDEN:

inet and subject to parliamentary approval this week, are due to come into effect in October.

They are in response to the granting of an injunction sought by Schiphol carriers and freight handlers against restrictions which the airport had intended to impose. Haarlem judges ruled this month

that only Annemarie Jorritsma, the transport minister - rather than the airport itself - was entitled to bring in such limitations, although these were necessary to enforce a legal requirement that the airport should stay within specified noise limits.

Growth in traffic, along with difficulties in interpreting the envi- as too costly the suggested ronmental impact data, mean that creation of an artificial island in

Schiphol is up against its 1997 deci- the North Sea for a new airport. bel quota.

The delay until October means the summer schedules of charter operators will remain intact. But environmental groups say they will take Mrs Jorritsma to court if the noise ceiling is hreached.

Charter and cargo companies face the most disruption. Ground handlers say as many as

25,000 jobs are at risk if Schiphol remains subject to the curbs. But the FNV, the Netherlands' main trade union federation, maintains that employment can grow within the existing environ-

way or terminal capacity. Take-off and landing rights are mental standards, and rejects to be apportioned in a way likely to be difficult for newcomers. There were fears at the weekend

said of her measures, which also

involve appointing an independent

authority co-ordinator to allocate

slots, by day as well. State-owned

Schiphol will thus join Heathrow

and Frankfurt as a "co-ordinated"

airport - where take-off and land-

ing slots are to be apportioned -

but will be the first important huh

in the European Union to be given

that status on environmental

grounds rather than lack of run-

"It will cause much pain and the Dutch flag carrier, vulnerabla lead to upheaval," Mrs Jorritsma to retaliatory measures from authorities in other countries.

■ Greenpeace, the environmental group, at the weekend extended its campaign against energy exploration hy occupying a site in the Wadden Sea, a Dutch tract of tidal mudflats where Shell and Exxon have been seeking to drill for gas.

The site is just outside an area which a judge in the Friesian capital Leeuwarden in April provisionally declared off-limits to NAM, a joint venture between the two oil majors. The Greenpeace move came as NAM sought to move a rig to the site to begin test boring. Business Travel, Page 10

## Jospin's job plan may only give short-term relief to French youth

prison visitors. Are these the sorts of jobs to solve the lem that has become France's main economic and social scourge and contributed heavily to the centre-

China yesterday formally confirmed the award of the right's surprise general election defeat in June? first contracts to supply Lionel Jospin's new Socialpower generation equipment ist-led government evidently to the Three Gorges Dam.

the world's largest hydrobelieves that they are. Last electric project, to consortia week it unveiled a bill thet led by leading European will be the centrepiece of its early legislative programme, engineering companies. The contracts for the 14 aiming to create 350,000 pubgenerating units are worth lic sector jobs over three \$740m, slightly lower than years, in part fulfilment of bidders had previously fore its campaign promise to crecast, reflecting the fierce ate 700,000 "real" jobs for competition to secure deals young people.

in the early stages of the According to Martine project that will span the Aubry, employment and soli-Yangtze river. GEC Alsthom, the darity minister, the government's plan is essential to Anglo-French groop, and restore hope to France's dis-ABB Power Gen of Switzerillusioned youth. A 76-page land have been asked to prodocument accompanying the vide eight power units, combill talks grandly of "facilitaprising turbines and ting tha progressive emergenerators, at a total price of gence of a new model of growth and development". \$420m. Kvaerner of Norway

The basic Idea behind the new legislation - which will be the first bill debated when parliament reconvenes next month - is that French society harbours many needs that neither the public nor private sectors have, until now, proved able adequately mens of Germany, Voith Hydro and General Electric to meet.

shortcomings in existing public services or changes in society, such as the ageing of the population and the French president last week hreakdown of traditional warned against "a massive The portion subcontracted jobs will be designed to jobs" as the bill was pres and therefore taxes." he "subsidise" the private secaddress some of these needs. ented in calinet.

dd job men for the elderly; companions for children on long that, since the tasks are not being properly performed and since the definitions of journeys; welcomers for the new jobs will be carefully drawn, there is little or no danger that they will simply provide cheap substitutes for existing, unsubsi-

dised jobs. It also insists that the cost of the programme, which will reach FFr10bn (\$1.6bn) next year before rising to an annual FFr35bn, can be met without adding to overall

public spending.
The jobs, which will be targeted primarily at those aged under 26, will be paid at the minimum wage. Funding equivalent to 80 per cent of this will come direct from

There is no doubting the need for new jobs. More than 3m people are out of work, with the cumulative rise in the number of jobless in May and June reaching nearly 50,000. The situation is particularly serious among the 15 to 24 age group where about one in four is unemployed.

But can this attempt to reduce unemployment by temporarily subsidising the provision of services actually work?

In the short term the answer is probably Yes; the education ministry has already indicated it will take on about 75,000 young people in the 1997 and 1998 period. Indeed one of the concerns These stem from either of leading centre-right figures such as Jacques Chirac seems to be that the plan may work all too well. The creation of permanent poblic

gan Stanley in Paris, says the net impact could eventually make unemployment higher rather than lower. He believes many of those trying to re-enter the labour market at the age of up to 30 after five years of doing one

sceptical. Eric Chaney,

senior economist with Mor-

of these jobs may find the going tough, "Lahour economists have an eloquent word for the negative side-effects of targeted lahour policies: stigmatisation." he says. "in the short term, the job plan could be successful, but in the medium term, the risk is of a total backfire." The centre-right's Nicolas

Sarkozy predicts a different but equally damaging "infernal spiral". "Tha massive increase in public spending of action would have been to says. "This increase will pen- tor. The government believes But many observers are alise companies and con-

sumption and lead to a reduction in the number of private and commercial jobs offered to young people." in the final analysis much

jobs envisaged by the new plan become valued enough to be maintained once the hefty government subsidy has disappeared. It is certainly the government's aim to make them so. As the document accompanying the bill explains: "This [five years] period must be used to find diverse sources of finance to perpetuate the projects" from the public and private sectors.

Some argue, however, that the government would have been better advised to try to

The focus will switch to

the other 350,000 primised jobs, in September or October when a showpiece conwill depend on whether the ference involving business and the trade unions is

Details of this side of the government's plans remain sketchy, although Dominique Strauss-Kahn, finance minister, has hinted the government may offer tax incentives to companies in return for investment and job cre-

Many observers also hope that this conference will also start to address the serious structural logjams, such as high non-wage costs and layharness private initiative off restrictions, that are creation of public jobs will from the outset. In Mr Cha- widely seen as a prime lead inevitably to an ney's view, the best course underlying factor behind tha country's unacceptably high

David Owen

#### **Cyprus** confirms missile plans

The Greek Cypriot government said yesterday that it would go shead with plans to install Russian air defence missiles next year in spite of Turkish threats of a military strike if tha weapons are deployed. John Barham reports.

Yannikis Cassoulidis, foreign minister, said: "There is no question of postponing the deployment of the missiles. His statements indicate

that the risk of conflict on the island remains as great as ever, after the collapse last week of United Nationssponsored peace talks in Switzerland between leaders of the island's Greek and Turkish communities. The internationally recog-

nised Greek Cypriot government ordered the Russianmade S-300 anti-air missiles in January. Ankara, which stations 30,000 troops in Turkish northern Cyprus, said "they will be hit" to prevent them threatening mainland Turkey. Mr Cassoulidis told the

conservative newspaper Agon that "various western countries, including the US, are disgruntled with the purchase of the Russian missiles, but the S-300 will be deployed unless the reasons for which we were obliged to order them no longer exist". Diplomats fear that Turkey and Greece could he drawn into conflict over

Cyprus. However, commentators believe the Greek Cypriots announced the purchase more as a political manoeuvre to draw attention to the continuing 23-year division of the island since the Turkish army invaded it in 1974.

INTERNATIONAL NEWS DIGEST

## Clinton makes 'fast-track' plea Kor

continent-wide Free Trade Accord for the Americas by appealing to Congress this weekend to grant him the mandate to negotiate new trade agreements.

In his weekly radio address, from his holiday home in Martha's Vineyard, off the coast of Massachusetts, Mr Clinton said he would formally ask Congress in September for "fast-track" authority, which allows him to conduct trade negotiations without the cumbersome risk of a line-by-line legislative veto.

Under fast-track, Congress gives up its power to amend trade agreements, voting only for or against the whole

Anticipating tough opposition from labour unions and his own Democratic party to further trade negotiations, Mr Clinton said: "If we don't seize these new opportunities, our competitors surely will."

More than 25 per cent of US economic growth, he said, had come from overseas trade in the past four years. Fast-track authority would "help to ensure that American companies and workers compete in the global economy that is open, with a level playing field, with rules that are fair and enforced".

The Republican controlled Congress has refused to renew the president's fast-track mandate since 1994, due to the controversy over Mexico's admission to the North American Free Trade Area and disagreements about whether labour and environmental issues should form part of trada agreements. Leslie Crawford. Washington

■ ZAMBIA SHOOTING

#### Kaunda 'assassination' bid

Aides of Kenneth Kaunda said the former president of Zambia was the target of a failed assassination attempt by police as ha attempted to address an opposition party rally at the weekend. Mr Kaunda was struck on the forehead by a bullet as police fired on his car, said an official of his United National Independence party (Unip) adding that his life was not in danger.

A Unip official said the party had learnt that President

Frederick Chiluba's ruling Movement for Multiparty Democracy had plans to "eliminate" Mr Kaunda. Mr Kaunda, 73, was recovering in hospital guarded by arty supporters. Roger Chongwe, chairman of the National Opposition Alliance, which includes Mr Kaunda's party, was also shot and wounded at the rally in Kabwe, a central Zambian garrison and mining town 150

km north of the capital, on Saturday. Mr Kaunda was ousted in elections in 1991 but remains a key political figure and critic of Mr Chiluba, who succeeded him. Mr Kaunda has slammed the government's attempts to restrict the media and masculate the judiciary.

SECURITY COUNCIL

#### Brazil-Argentina row calmed Brazil and Argentina appear to have smoothed over a

diplomatic row that erupted last week over conflicting bids for a permanent seat on the United Nations Security Council. Presidents Fernando Henrique Cardoso and Carlos Menem, meeting at a summit of the 14-nation Rio Group at the weekend, said the issue must not be allowed to weaken ties within the Mercosur trading group, whose other members are Paraguay and Uruguay.

Mr Cardoso said Brazil and Argentina shared the same objective at the UN: "We want a vote, a voice and a veto. We want full participation for the country or countries that come to represent our region." His comments suggest a change of tack in Brazil's .

campaign for a permanent seat on the Security Council and imply a willingness to consider Argentina's proposal that the seat should rotate between Latin American

Mr Menem angered the Brazilian government last week when he sald a permanent Brazilian seat would "upset the balance" of power in the region. His comments were taken by some in Brazil as reflecting US efforts to weaken ties in Mercosur at the expense of a proposed Free Trade Area of the Americas. Jonathan Wheatley, São Paulo Brazil keeps investors guessing, Page 18

■ TRADE GAP

#### Mexico reports a deficit

Mexico has reported its first trade deficit since the country's peso devaluation over 21/2 years ago. In preliminary figures for July, the Finance Ministry registered a deficit of \$20m. Exports in July totalled \$9.4bn, the highest monthly total in the country's history. A move into the red during the course of this year had

been widely expected. The recent strength of the peso has caused exporters to complain and has made imports cheaper for Mexican purchasers. The biggest increase in imports was for consumer goods, up 43.8 per cent on the same month a year before.

The figures also showed an increasing disparity between the tax-exempt assembly plants known as maguiladorus. which increased exports by 26.9 per cent, and the rest of manufacturing industry, which increased exports by 14.9 per cent. Daniel Dombey, Mexico City KASHMIR CLASH

## Border firing kills six

Pakistan and India accused each other yesterday of unprovoked cross-border firing in the disputed Kashmir region, killing at least six people, and of trying to scuttle planned peace talks between tha two rivals. Pakistani officials said Indian troops fired artillery and

mortars along the military control line in the Himalayan region for the second day running, killing four people and wounding several others in two days. India acknowledged two of its soldiers were killed. An Indian foreign ministry spokesman in New Delhi

accused Pakistan of unprovoked firing and denied Islamabad's charge of aiming to sabotage a third round of peace talks there set for next month. A Pakistan defence ministry spokesman yesterday denied an Indian charge of unprovoked Pakistani firing in the Kargil and Uri sectors of Kashmir. Islamabad and New Delhi in June agreed to negotiate

the future of Kashmir, whose disputed ownership has been the object of two of the three wars fought between the two countries since they split at independence 50 years ago. The move was part of a broad agreement reached by the two countries to place all "outstanding issues" between them on the table for negotiation. Reuters, Islamabad

JAMAICA PRISON RIOTS

#### 15 die after jail strike

Fifteen prisoners have been killed in several riots over the past three days in Kingston's main prison, following a strike by warders. About 15 others are being treated in hospital. The warders have ended the strike, but prison officials said the situation at the city's general penitentiary was "tense and chaotic."

Most of the inmates were killed by knives stolen from the prison's kitchen during the warders' strike. The strike followed a statement from John Prescod, head of the correctional services, that warders and inmates would be given condoms in an attempt to prevent the spread of the AIDS virus. The warders claimed that the offer of condoms implied that they were having affairs with

Canue James, Kingston

## Turks bar Kurd 'peace train'

By John Barham in Ankara

The Turkish government has prevented a "peace train" chartered by a German pro-Kurdish organisation that would include the South African Nobel Peace prize laureate Arcbbishop Desmond Tutu among its 300 passengers from travelling across Europe to its planned destination of Divarbakir. capital of the mainly Kurdish south-east of Turkey.

units are likely to be built in Germany's Hanover Appeal chartered the train. Construction of the Three which was to have left Brus-Gorges project is due to be sels tomorrow to draw intercompleted in 2009, when the | national attention to the hydroelectic plant will be need for a peaceful solution able to provide the equiva- to the 13-year conflict in the lent of one tenth of China's region. The organisers electricity output. The projaccuse Turkey of piling ect, which will require over | diplomatic pressure on Gerim people to be rehoused. many and the Balkan counhas been widely criticised by tries to prevant the train crossing their territory triumph for Ankara and dip-FINANCIAL TIMES
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GERMANY:

By Michael Smith

European garment importers

are protesting to the Euro-

pean Commission in Brus-

sels after being told they

face heavy back-dated cus-

toms duties because of an

alleged fraud in Bangladesh.

blameless victims of the

fraud, which is alleged to

erroneous use of export doc-

deshi authorities for failing

to police properly a scheme

allowing clothes to enter the

duties under the Generalised

System of Preferences (GSP).

Commission and tha Bangla- \$100m.

importers that back-dated the burden.

on its week-long journey. denounced the peace train as an initiative inspired by the Kurdistan Workers party (PKK). Organisers said Ankara had forced Bulgaria. Romania and Yugoslavia to state-owned railway company, Deutsche Bahn, refused to charter the train because these countries would not allow it to use their networks.

mercial risk of business and

believes that some of the

importers knew the docu-

ments were potentially prob-

lematic. when they accepted

It wants the Bangladeshi

instruct European customs

money from the importers. It

is thought the hack duty

lions of dollars and, accord-

ing to Bangladeshi esti-

Bangladeshi exporters fear

the importers will try to pass

tha demand for back pay-

losing valuable custom.

European importers believe

As well as Archbishop Tutu, passengers were to include Mrs Danielle Mitterrand, widow of the former French president and a veteran supporter of the Kurdish rights campaign. European, Turkish and Kurdish artists, writers and politicians were also expected. Although cancellation of the peace train was a minor

them.

They claim they are authorities to recover the

involve the falsification or could amount to tens of mil-

The importers blame the mates, could be as much as

European Union with zero or ments to them, leaving them

concassionary cuatoms with a choice of paying up or

The Commission has told they will be left to shoulder

lomats admit that European record. Emergency rule Government officials pro-Kurdish groups are grants the security forces sometimes linked to the sweeping powers to combat PKK, the government's tough line has disappointed ible approach to the Kurdisb insurgency. Analysts say tha block the train. Germany's policy of successive governbehest of the powerful mili-tary, to crack down on all moderate Kurdish nationalist parties and organisations has by default made the PKK virtually the only political organisation with legiti-

macy among most Kurds. Mesut Yilmaz's twomooth-old secularist government has said it plans to abolish emergency rule in nine predominantly Kurdish provinces as part of a wider normalisation policy towards the region and has promised to improve the the same offence within country's human rights three years.

the PKK but human rights campaigners say troops those hoping for a more flex- habitually abuse these powers to violate basic rights. However, fighting continues to rage in the south-east, ments, usually acting at the where over 26,000 civilians, soldiers and guerrillas have died since the PKK's uprising started in 1984. And parliament's decision two weeks ago to grant par-

tlal amnesty to newspaper

editors jailed for breaking the country's security laws by publishing news and commentary on the Kurdish conflict also disappointed campaigners for freedom of speech when only six prisoners were released. Under the amnesty law they could be re-imprisoned if they commit

## Customs blow for EU importers

chance the Bangladeshis will pay the full amount," said Dr Stefan Wengler, a director of the Brussels-based Foreign Trade Association.

will suffer severe financial authorities to cancel the doc- hardship unless a comprouments and is expected to mise can be reached with the Commission." The dispute follows the discovery last year hy the EU of nearly 7,000 allegedly fraodulent or falsified certificates. Under the GSP goods

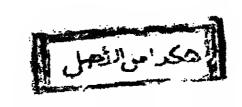
Some European companies

such as knitted products from less developed countries are exempted from import dutias or can be little or no possibility to imported at concessionary rates provided the raw material originates in the exporting country.

tion to Bangladesh last year found that the raw material for many of the knitted prod- when fraud is discovered. duties are part of the com- "There is very little ucts sent to Europe was Dateline Brussels, Page 7

imported from abroad. The British Importers' Association said it was unfair that importers should have to pay for the shortcomings of a scheme that had been put together by the Commission and the Bangladeshi authorities. "The buck should stop with them," said Chris Starns, director. "It is not the fault of our members.'

EuroCommerce, the European retailers' group, has called on Brussels to declare an amnesty on the customa duties. "Most importers had check the origins of certificates," it said. The Commission believes some importers turned a blind eye to the However, an EU delega- problem, it says it is common practice for responsibility to rest with importers



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**NEWS: INTERNATIONAL** 

Talks open way for Tokyo to consider humanitarian aid

## Japanese to soften line on N Korea

Teroan is set to soften its hardline stance against food aid to famine stricken North Korea, after the two countries agreed in Beijing on Friday to resume talks on normalising links.

Yukihiko Ikeda, Japanese foreign minister, said yesterday that "major strides" achieved in last week's informal talks had improved circomstances "sufficiently" for Japan to consider humanitarian aid.

Japan's uneasy relations with the secretive communist state have deteriorated since official normalisation talks were suspended in 1992, following Tokyo's accusations that North Korean agents had abducted Japa-

Since then Japan has protested about several other issues, including Pyongyang's nuclear weapons programme and test firing of missiles in Japanese waters. and its refusal to allow Japanese wives of North Korean received permission to leave men to return to Japan to

visit relatives. refused to negotiate bilater to co-sperate with investigaally. But the famine in North Korea has generated intense, tion of Japanese nationals international pressure on Japan – notably from the US - to provide food aid. The diplomatic pressure and publicity about Japan's stance for, and I think the talks was becoming "highly were very meaningful But it embarrassing," a Japanese is now entirely un to both government official admitted

cerns about North Korean nnclear devalopments have also generated debate about shifting to a less hardline stance to encourage greater

Friday's talks nearly stalled because of Pyongyang's demands for more food aid than Japan was prepared to give in exchange for an agreement ou bome visits for wives. The breakthrough came when negotiators agreed to establish a liaison committee within 10 days through Red Cross societies in both countries.

Ahout 1,830 Japanese women are believed to have accompanied their husbands to North Korea after the Korean war, under a repatriation agreement concluded in 1959 to enable North Korean nationals living in Japan to return home.

The first wives are expected to visit Japan by late September, the first time Japanese spouses of North Korean nationals will have the country for home visits.

Mr Ikeda said North Korea Both countries have also agreed in Friday's talks tions into the alleged abducand the safety of Japanese residents in North Kores.

The agreement in general was what Japan had hoped is now entirely up to both sides whether we realise it

## Kenyan sugar growers reap bitter harvest

Illegal dumping on a massive scale has triggered a crisis in the industry, writes Michela Wrong

t the Mumias sugar A factory in Kenya's Western province, the mood is cheerful after factory in Kenya's what we like to see: lorries queueing up outside the fac-tory and bags disappearing. It's when the stocks pile up and no one comes to collect them that we worry," says a A delsgation of foreign

arrived in Nairohi at the weekend will decide whether that cheerfulness endures or evaporates. The International Monetary Fund's latest mission to Kenya could determine whether the sugar industry, on which 3m people depend for their livelihoods, collapses or sur-

For the Fund, President Daniel arap Moi's decision last month to remove the country's top customs official as he was investigating sugar smuggling was the last straw, prompting an institution grown weary of the sleaze factor in Kenyan politics to suspend a \$220m loan aereement. Now tha IMF is back,

responding to a personal appeal from a president perhaps taken aback by the disastrous impact suspension has had on the econ-

But while legal action to punish 11 offenders has been announced, few in the sugar world believe it is enough to halt the practice that has triggered the most serious crisis in the industry's history: massive illegal dumping of imports hy busines men with links to the highest echelons of govern-

"A few weeks ago, jnst when the industry was on the point of collapse, the dumping eased," says an industry analyst.

are tens of thousands of the elections are over. These



ETHIOPIA

KENYA

First launched as a cash

crop three decades ago,

sugar has thrived in the

By the 1980s, thanks to a

"This is a very good cli-

First woman appointed to top Iranian post

man Brooks, a member of

network of outgrowers with

abundant rainfall of Western

dering Lake Victoria.

TANZANIA

tonnes of sugar lying in warehouses in Momhasa. Once the shilling strengthens, we expect them to be released on the market and the whole thing will start

The reason, cynics say, is simple. Elections are due in Kenya hy the end of the year and the ruling Kanu party needs cash. The new independent status of the Central Bank and its governor's tight management have cut off a traditional avenue. What printing of money did for the 1992 elections, sugar dumping will do for the 1997

Allegations that part of the smuggling profits helps fund Kanu's electoral campaign are made in private by senior government officials as well as industry workers. average boldings of less than "The story is that Kann is a hectare, Kenya was selffilling its war-chest," says a sufficient in the commodity. sugar farmer. "If that is true, "But we understand there there can be no halt until mate for sugar," says Nor-

Kenya's Sugar Authority. who owns a lime factory in Nyanza and boasts a small sugar farm. "Yields here are probably the best in the world. It could be the most profitable crop in the coun-

Instead the sector today fails to meet annual demand of 550,000 tonnes. The smuggling problem, which has taken off in the past year. dealt s devastating blow to a sector already suffering from poor state management and political interference. The scam goes into effect

st the notoriously corrupt port of Mombasa, where importers claim the sugar is in transit, destined for Tanzania and Uganda, and therefore not liable to tax. They then release it at rock-bottom prices on the Kenyan market.

At its height the flood left sugar factories with

reacted by slashing prices to levels where they could no longer make a profit, delaying payments to outgrowers and nostponing cane har-

Mumias, which produces more than 55 per cent of Kenya's sugar and is the biggest sugar factory in eastern Africa, has stubbornly continued paying the 44,000 farmers that depend on lt.

But the importing of sugar on which duty has not been paid "cost us half a billion shillings in lost profit last estimates David vear. Carter, Mumias' manager. "If this continues we will rapidly go bust and the industry itself could be destroyed.

The Kenya Union of Sugar Plantation Workers puts the total loss to the industry at more than Ks840m (\$12m)

A by-product has been a their warehouses. They companies spproached over

the privatisation of the industry, another IMF loan condition which the government has been slow to comply with.

Few want to invest in a sector that risks going the same way as Kenya's cotton industry, which collapsed years ago through poor man-

While there is no shortage of complaints, the sugar lobby seems incapable of the kind of campaign other Kensystematic illegal dumping threatened their agricultural industries.

The explanation lies in the location of the country's sugar factories, in the heart of two provinces populated by the Luo and Luhya ethnic communities, stalwart opposition supporters. in 1992 Nyanza voted solidly against Mr Moi, while be barely scraped a victory in Western

The president has reserved particular suspicion for the Luos since Luo members of the air force staged an abortive coup in 1982.

Locals, angered by the government's failure to prevent the recent victimisation of "upcountry" citizens who had settled on the coast, regard the apparent willingness to see the sugar industry collapse as part of a long-term war of attrition against a group Nairobi

views as intrinsically hostils. "Kikuvu coffee farmers had a similar problem a few years ago, but when they complained action was taken," says Henry Okullu, a former bishop wbo now runs a civic education group in Kisumu, Nyanza's provincial

"But when a Luo minister denounced the dumping last year he was immediately

"Under this government unwanted stocks rotting in cooling of interest by foreign there is a deliberate policy of

ning and bodget organisa-

tion, a post which gives him

one of the key foreign policy-

Mr Khataml bad earlier

first vice-president, a post he

making institutions.

## Netanyahu in Tokyo visit to boost business

Benjamin Netanyahu, Israeli prime minister, will today. Japan and Israel increases meet his Japanese counterpart, Ryutaro Hashimoto... and business executives in Tokyo in an ambitious effort to attract investment from large Japanese companies. Mr Netanyahu, accompanied by one of the largest del-

egations of Israeli politicians and industrialists to visit Asia, will travel on to South Korea in a week-long trip to boost trade with the region. His visit comes at a time

of growing tension in Israel. as the Middla East peace process falters in the wake of a recent suicide bombing in Jerusalem's market and guerrilla attacks on northern Israeli settlements.

Tha Israeli premier's decision to proceed with his Asian trip reflects the priority he is putting on economic growth and foreign investment. He will discuss with Japanese husiness leaders his ambitious plans to privatise state enterprises and deregulate tha economy

with a vengeance" Japan has traditionally shown raluctance to strengthen links with Israel primarily because of its savy reliance on Arab states for oil. Security concerus over terrorist attacks and Arab-Israeli conflict with Seoul

nies from direct investment. Bilateral trade hetween marginally to \$2.5bn in 1996 from \$1.9bn in 1994; when the late Vitzbak Rahin became the first Israeli leader to visit Japan and South Korea on a similar

However, the figure is negligible in comparison with trade levels between Japan and other small and medium-sized trade partners. Japan accounts for only \$27m worth of direct investment in Israel.

in Tokyo Mr Netanyahu is expected to push the government for Japanese landing rights for El Al, the state airline due to be privatised, and the establishment of direct air links with Israel. Japan has turned down pre-

He is likely to draw a more positive response from South Korean leaders when he lands in Seoul on Wednesday night.

Bilateral trade betwean South Korea and Israel grew more than 20 per cent last year and has grown further this year. Israel has also drawn direct investment from large Korean companies, including Samsung Electronics and Hyundai, and enjoys direct air links By Robin Allen in Dubai

Mohammed Khatami, Iranian president, has appointed a woman for the first time as one of the country's vice-

Massoumeh Ebtekar, 36, a US-educated associate professor at Tehran University, will be one of eight vice-pres idents, seven of whom have already been confirmed. Mrs Ebtekar, who headed Iranian delegations at recent

meetings of the UN-sponsored world women's conferences in Nairobi and Beijing, will be responsible for the country's environmental protection organisation. The votes of women in elections last year in large

measure ensured a massive victory for Mr Khatami.

During his election cam-

minister, but has not honoured the pledge, largely because of the low number of women deputies.

One Iranian political analyst said numerical logic dietated the presence of a woman at vice-president level.

deputies are womeo. It said. "The president on his would take 20-25 women at own does oot bave the power the level of deputy minister to change that." before there could be one female minister, so a vice-president is the most there will be for the time being."

Another analyst said there would be more women MPs hut for the blocking power of the conservative-dominated Council of Guardians, which has the authority not only to daughter of former president paign he promised to veto parliamentary candi- Ali Akbar Hashemi Rafsan-

appoint a female cahinet dates but also to annul results.

> power in 13 constituencies in last year's elections, notably in isfahan and Malayer, while in Sbiraz a popular woman candidate was forced out by the local clergy. "The evolution of women

"Fewer than one-tenth of to government positions will the 270 majtis [parliament] be a slow one," an analyst

Although the contribution of women to Iranian political life is not reflected in their presence in official positions, they exert considerable influence at constituency level, particularly in Tehran, Isfahan, Shiraz and other provincial cities.

Faezeh Hashemi, the

leading vote-winner in Teh-The council exercised this ran in last year's parliamentary election. She was a high-profile but ultimately unsuccessful candidate to be the first women minister. Zahra Rahnavard, the wife of former prime minister Mir confirmed Hassan Hahibi as Hussein Mussavi, is also much respected on the bas held since 1989 and

> oational stage. ... according to Hantan ana-Meanwhile, Mr Khatami is lysts, the only one of the reported to have reconfirmed Mohsen Nourbaksh as cen- tlons apart from planning tral bank governor, among and budget to carry imporother appointments con-

firmed at the weekend. Besides Mrs Ebtekar the other vice-presidential appointees confirmed or reconfirmed include Mohammed Hashemi, brother of former president Rafsaniani, as vice-president

eight vice-presidential positant executive functions. Mr Habibi is acting presi-

jani, was, for example, the head of the important plan-

dent for Mr Khatami. He is also the secretary of the enlarged 36-member Expediency Council, an executive body which, under Mr Rafsaniani is expected to be an important rival power centre for executive affairs; and to Mr Khatami and his cabi-Mohammed Ali Najafi to be net.

## pponents of 'official' Mexican unions unite

in Mexico City

Khatami: big victory

Two months after historic elections that deprived Mexico's ruling party of Its congressional majority for the first time in 68 years, another part of the country's traditional political system

has come under threat. A group of more than 100 unions representing lm members has announced the creation of an organisation to compete with the "official" unions that have pro-

vided crucial support for the ruling Institutional Revolu- the pacto, is traditionally of its history. The biggest October and contains the belonged to pro-government organisations.

The announcement at the weekend underlines a significant change in the way Mexico is governed. Already, administration officials are questioning a businesslabour-government agreement that has been used to mitments. control wages and prices

unions involved previously rudiments of the budget for the next year. But with the lower house of Congress now in the hands of the combined forces of the opposition, and with the budget the hottest topic of debate, the government of President Ernesto Zedillo is unsure of its ability to deliver on pacto com-

> At their first general meeting, on Friday and yester-

to new privatisations, to con- the government. tinued wage restraint and to the government's economic policy as a whole. The new union organisation, likely to be called the National Workers Union, will be set up in

"The government said it putes. would provide for the welfare of workers and their families. It did not keep its word," said Francisco Her-

November.

The agreement, known as day, the dissident unions nandez Juarez, the chlef aspects of Mexico's corporatmade plain their hostility to organiser of the new movetionary party (PRI) for most announced in September or the pocto. They also ment and formerly one of of its history. The biggest October and contains the announced their opposition the union leaders closest to

> Mr Hernández Juárez sajd the organisation would work with the new Congress to alter Mexico's federal labour law to eliminate the government's role in authorising and arbitrating labour dis-

Membership of PRI-affiliated unions is still effec-

ist past are disappearing. Businesses no longer have to be full members of the progovernment chambers of commerce and industry, register with them.

However, the pro-government Confederation of Mexican Workers still claims some 5m workers and several of the main unions which had worked with Mr Hernández Juárez declined industries, although other new organisation.

## Beijing to embrace Asean in pursuit of a new order



pur as diplomats huddled in convarsation with colleagues from friendly nations and former cold war enemies. The subject of animated discussion was a speech just delivered by Li Peng, China's premier, which set out Beijing's policy toward south-east Asia. The cornerstone of Mr Li's speech was that China would try to promote

"a joint new and fair political and economic order" with the Association of South East Asian Nations (Asean), an increasingly influential diplomatic grouping of nine regional countries. Although Mr Li avoided directly mentioning the US, it was clear that Beijing was hoping a new phase of soli-

darity with south-east Asia would provide a balance to Washington's traditional influence in the region. "I think the current political and economic order in the world is not rational. Politically speaking, there exists inequality. Some countries attempt to lead the world and some also attempt to bully the weak and the poor," Mr Li

told the audience in Knala Lumpur.

ration of human rights at the United Nations. Washington has expressed strong opposition to any such review, but Mr Li called Dr Mahathir's proposal "visionary and courageous". Neither China nor Malaysia regards the burnan rights outlined in the decla-

ration as necessarily universal. The Chinese premier also attempted to ease widespread regional suspicions over China's territorial ambitions. He said the issue of Beiling's claims to the disputed Spratly Islands - a scattering of islets and reefs which span vital shipping lanes in the South China Sea

 should be resolved peacefully, if not by this generation then by the next. "We will not want to see [the Spratlys] becoming a burden to our relations," Mr Li said. Later, in a meeting with Dr Mahathir, he thanked the Malaysian leader for repeatedly rejecting the "theory of the China threat". Diplomats said China's intention to

should not be taken lightly, especially

regional deal of this kind. Such signs of strengthening ties also precede a scheduled summit in Decem-

ber between Asean's leaders and those of China, Japan and South Korea. The summit, the first of its kind, is being styled as a one-off event to commemorate the 30th anniversary of Asean, hnt some south-east Asian diplomats have said they feel it should become an annual event.

If so, the summit would become the first top-level pan-Asian forum which does not involve the US even as a fringe participant.

ut diplomats in Kuala Lumpur B cautioned against too simplistic a reading of China's Asean initiative. They noted that Mr Li chose to deliver his address in Malaysia which, under Dr Mahathir, is renowned for its periodic outbursts of anti-US rhetoric. But in other Asean nations his speech seek a new order in south-east Asia may not have gone down quite so well. Mr Li's support for a review of the Underlining his point, he said China as it comes shortly after Beljing's \$1bn universal declaration of human rights

frisson of excitement rippled supported a recent proposal by contribution to a broad financial assis- is unlikely to have received such a through the hall in Kuala Lum- Mahathir Mohamad, Malaysia's prime tance package for Thailand, the first positive reception in the Philippines, a pur as diplomats huddled in minister to review the universal declations. which is embroiled in a Spratlys dispute with China. Even Singapore, where an ethnic

Chinese population has close ties with China, is a firm backer of tha US military's presence in the region. indonesia, Asean's giant with a popn-

lation of nearly 200m, also has a highprofile dispute with China over claims in the Spratlys. in Vietnam, centuries of uneasy relations have fostered suspicion of Chinese power.

"Too urgent an attempt to engage Asean at the expense of the US would be unlikely to bear fruit. It would also run the risk of creating divisions within Asean," one diplomat said.

And although the rapid growth of China's economic and military power suggests time may be on its side, it is as well to remember that the US remains the only true superpower. As Mr Li reminded his audience: "China does not have any aircraft carriers



James Kynge Mahathir: anti-US rhetoric

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Burton 43/4% Cv Bd 2001 Denmark 6%% Nts 1998 £67.50 Eaton \$0.44 European Inv Bank 8.75p Gartmore Scotland Inv Tst

2.6p, do Package Units 26.50 M & G High Inc Inv Tst Cv Rd 12,75p, Do Inc 0.96p, Do Inc & Grwth Units 0.96p, Do Package Units 0.96p 3i Int 74% Gtd Bd 2003 Treasury 8%% 2017 £4.375 Wah Kwong Shipping HK\$0.429

**TOMORROW** Allied Domecq Fin 61/2% Gtd Nts 1997 \$65.0 FRN Ser 2 \$289.11 Bear Steams Floored FRN 2004 \$2764.06
Business Dev Bank of Canada
81/2/6 Nts Aug 1997 C\$85.0
CS First Boston Fin Gtd Sb
FRN Aug 2003 \$27.81 Cadcentre 1.6p

Canadian Imperial Bank of Commerce Fitg Rate Sb Db 2085 \$289.11 Hambros 5p, Do NVtg 2.1p Hongkong & Shanghai Banking Prim Cap Und FRN (Ser 1) \$149.32 Independent British Healthcare 0.5p Sanwa Fin Aruba Gtd Sb Perp FRN Ser 3 \$829.43 Sudwestdeutsche Landesbank Cap Mkts 64% Gtd Bd 2003 Cap Mins 05 / Ca

■ WEDNESDAY AUGUST 27

British Land 6.08p Canon 4.65% Nts 1997 Cardiff Auto Rcvbls (UK) No 3 Class A FRN 1998 £173.60, Do Mezanine FRN 1998

THE WEEK AHEAD

£196.92 Chase Manhattan Sb FRN 2000 \$150.14 Commonwealth Bank of Australia Dtd FRN Feb 1999 \$276.53, Do Dtd FRN Feb 2000 \$276.53, Do Und FRN Feb 2000 \$276.53, Do Und FRN Exch Feb 1989 \$282,69 Eurocamp 3.75p Falcon 3.5p

Harvey Nichols 3.9p Ivory & Sime UK Discovery Tst 1.6p Lloyds Bank Ser B Var Rate Sb Nts 1998 £169.19 Lontho Fin 6% Gtd Cv 8d 2004 £30.0, Do 8% Gtd Cv Bd 2006 240.0 Merrill Lynch \$0.20 Midland Bank Sb FRN 2001

NKK 6% Nts 1997 Y600000.0 Nat West Bank Und Var Rate Silmma 1.45p Templeton Emerging Mkts Inv Tst 1.1p

Throgmorton Tst 0.9p.
Treasury 9%% 2002 £4,675
Wells Fargo Sb Cap FRN
1998 \$151.74 **■ THURSDAY AUGUST 28** Bank of Montreal C\$0.40 Beaufort 0.068p Dart 4.4p Denmark FRN 1998 £162.36

Electricite de France 121/2% Gtd Ln 2008 £312.50 Elliott (B) 1.8p Mitsul OSK Lines FRN 1997 Mitsul OSK Lines FRN 1997 Y21562.0 Murray Int Tst 3.15p Raca/ Elec 3.9p Repeat Offering Sec Entity Fdg No 1 Class A1 (a) Asset Bckd FRN 2001 \$421.08, Do Class A2 (a) \$1529.42, Do Class A3 (a) \$1529.42, Do Class A3 (a) \$1589.64, Do Class A3 (b) £1710.55, Do Class A4 (a) \$1585.64, Do Class A5 (a) \$1649.53, Do Class A5 (a) \$1649.53, Do Class A5 (b) £1818.93,

Bristol & West FRN 1999

Do Class B \$1866.75 Sanyo Elec FRN 1998 Y21563.0

Tokyo Elec Power 814% Nts 1998 \$437.50 Tokyo-Mitsubishi Int Sb FRN 2000 \$15473.10 FRIDAY AUGUST 29 Abtrust High Inc Tst 1.65p Allied Irish Banks Unc Ver Rate Nts \$178.52

Bank of Nova Scotta Fitg Rate Sb Cap Db 2085 \$290.69 Bank of Scottand Und Var Bisichi Mining 0.81p CLM Insurance 8.08p
Cater Alien Gilt & Fixed Inc Fd.
Ptg Rd Pf 9p, Do Ptg Rd Pf
(High Yid Gilt Fd 2000) 20p
Chase Manhattan Sb FRN
1907 515 26 1997 \$153,25 City of Oxford Inv Tst 2.5p Cosalt 4.1p Cranswick 7.2p

Danae Inv Tst 4.875p Durnyet Inv Tst Cv Mnthly Div 0.49p Edinburgh UK Tracker Tst

Eurotherm 4.2p
FirstBus 3.7p
Fitzwilton Units IF1 35p
Gartmore Smaller Co's Tst 5% Cm Pf £1.75 Geared Inc Inv Tst 0.875p, Do Glasgow Inc Tst 0.6p Halifax Clirf FRN 2003 £349.04 Helical Bar 4.850

Homeloans (No 2) Class A1 Mtg Bokd FRN 2028 £50.27, Do Class A2 £168.66, Do Mezzanine £182.62 IMS 1.1p

FRN 1999 £16.64 Ivory & Sime ISIS Tst Cv Annuity 7.471901p Jarvis Hotels 2p Jersey Elec A 14.4p Lloyds Bank Prim Cap Und FRN (Ser 2) \$151,67, Do (Ser 3) \$287.86 Lloyds TSB Var Rate Sb Nts 2003 C127.84

Martin Currie European Inv Tst Masthead Insurance Underwriting 10p Morgan Grenfell Und Prim

Cap FRN \$297.01 Nat West Bank Prim Cap FRN Ser C \$150.09 OLIM Cv Tst 4.5p, Do Units Pendragon 3.6p Porter Chadbum 0.5p Royal Bank of Canada Fitg Rate Db 2005 \$45.82 Somic 1.75p Stordata Solutions 0.2p TMC PIMBS 1st Fin Ord Class Nts Iss No 2 Jul 2029 £184.13, Do iss No 2 Aug 2030 £169.66, Do 7th Fin Class A iss No 8 Aug 2031 £34.22, Do Class B £183.87

TR City of London Tst 1.66p, Do 20% Non-Cm Pf 7p, Do 6% Cm 1st Pf 22.10, Do 6% Non-Cm 2nd Pf 2.1p Tamaris 0.05663p Temple Bar Inv Tst 6% Cv Un Ln 2002 £3.0 Tinsley Robor 1.9p Wellman 1.4p Wells Fargo Sb FRN 2000 \$4B 82

■ SATURDAY AUGUST 90 Abtrust New Pf Inc Inv Tst 4.25p Bankers Inv Tst 1.250 Celtic 6% Cv Pf 22.88 Gartmore British Inc & Grwth Tst Geared Inc 2.25p, Do

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Units 2.25p Henderson Far East Inc Tst 7% Db 1997/2002 23.50 nent Co 2p SUNDAY AUGUST 31 Derby Tst 23.2706p Gibbon 7% Cv Rd Pf 3.5p

Gibbon 7% CV HG P73.5p London & St Lawrence Inv 5% Cm Pf 1.75p Parkiand 4.2% Cm Pf 2.1p Prowting 141/2% Cm Pf 7.25p RPH 41/2% Un Ln 2004/08 2004 £4.50 VFG 0.4p

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TOMORROW

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Astec (BSR) Clydeport Sanderson Bramel Mir Grp COMPANY MEETINGS: Abertorth Split Level Tat, 1 St, Edinburgh, 12.15

Bath Press, The Francis Hotel, Queen St, Seth, 11,00 Faupel Trading, Faupel Hise, Giggs Hill Rd, Themes Ditton, Surrey, 11,00 Helical Bar, The Westbury, Conduit St, W1, 11.30 Motorcycle Museum, Coventry Rd, Bickenhill, W Mids, 10.30

Martin Currie European inv Tst, Seitire Court, 20, Casde Terr, Edinburgh, 12.30 BOARD MEETINGS: isotron, Jos Hidgs Smith (WH), Topps Tiles

Interines
Calcabread Robey
Dorraleic Huster
Kelon, Keller
Martey, Ugland bot
M THURSDAY AUGUST 28 COMPANY MEETINGS:

E.C., 10.00 bertons, 100. Liverpool St. E.C., 11.30 Somic, Bartie Hall, Lee Lane, Sartie, Preston, 12.30 BOARD MEETINGS:

Visual Action

FREDAY AUGUST 29 COMPANY MEETINGS:

GEC limit, Paintens' Helt, 9, Little Trinity Lane, E.C., 11.00 Hanson, Cumberland House, 80 Scrubs Lane, N.W., 10.00 Ivory & Sime, Caledonian Hotel, oes St. Edinburgh, 12.15 lards, 55, Colmors Row,

Please note; Reports and accounts an This list is not necessarily comprehensive since compe

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Tatung, the large Talwanese electronics company, is planning to double its output of televisions and computer monitors at its factory at Telford in the English Midlands, mainly on the back of expected strong demand in Europe for personal computers.

The intended expansion in output to up to 1m units a year by 2000 could create between 50 and 100 jobs at the plant, which at pres-

ent employs 500. A large part of the Telford out-

put will be of a novel, combined TV set and computer monitor, which the company designed in the UK the Telford plant come from Asia and which is being launched this at present.

Retailing at about £400, (\$652) it is designed to appeal to people who want the convenience of having their computer and TV in one box. Students and people living on their own will be among the group's tar-

News of the expansion comes as Chung Hwa Picture Tubes, which is part of the Tatung group, plans to open a cathode-ray tube factory in central Scotland later this year. The facility will ship a large pro-portion of its direct to the Telford factory. Most of the tubes used at

get customers.

Tatung'e plans for Telford underline the interest of non-UK electronic goods companies in increasing production from Britain.

The UK's television manufacturing industry has eince the early 1990s been boosted by investments from Japanese companies such as Sony and Toshiba.

Sony is also making 1m computer displays at its British plant. LG of South Korea plans to turn out 2m computer monitors a year in a new factory in south Wales, which should be fully operational by 2000.

Tatung made about 300,000 TVs and 200,000 monitors at Telford last year, and is projecting a similar figure for 1997. Output from the plant is estimated at about £80m a year. The first phase of expansion should begin next year, with production up to 700,000 units: 350,000 TVs, 250,000 computer monltors

Simon Chao, vice president of Tatung's Telford operations, said his target was to push this up to 1m by 2000, with most of the growth being in monitors.

and 100,000 of the "hybrid" prod-

the private companies that expected to work closely

The council, which will ployed people under the

scheme.

Vauxhall chief to head

training standards body

Tecs will play in the govern-

ment's flegship £3.5bn

(\$5.7bn) welfare-to-work pro-

The latest in a string of

industrialists drafted in by

the government, Mr Reilly is

with Sir Peter Davis, chief

executive of Prudential Cor-

poration, who heads the gov-

ernment's welfare to work

taskforce. Sir Peter has

made clear that quality

training will be essential to

persuade private sector

employers to take oo unem-

The welfare-to-work task-

force also includes Ian McAl-

lister, chairman of Mr Reil-

ly's biggest rival Ford UK.

annual budget of £4m, will

supervising all publicly-

tlons such as Modern

National Vocational Qualifi-

The new body, which will

Appreoticeships

The training standards coun-

because of the key role that tives from industry and

Mr Chao said it was likely the company would invest a further Elm or so at its Telford plant in the next few years.

This would add to the £30m it has spent at the factory eince

Employment would rise depending on demand for the products. Tatung's spending at Telford is small compared with the £260m cost of setting up the Chung Hwa plant in Lanarkshire, a much more capital intensive operation which is almed at turoiug out 10m Most of these are sold tubes a year and will employ 3,300 to leading persocal computer by 1999.

trade uniooists, will work

alongside the Tec National

Couocil hut will report

directly to the secretary of

state. Mr Reilly, whose first

job will be to appoint a chief

inspector, will be paid £4,000

a year for the part-time post.

have expressed a oumber of

coocerns about the current

system of Tecs. which are

highly autonomous and

widely seen as lacking co-or-

dination and accountability.

The government is to

encourage employers to shop

crooked rivals in an attempt

to cut the £3bu cost of social

A hotline is to be set up sooo

to target employers who

evade paying their staff's

National Insurance contribu-

The move follows the suc-

eess of the "shop-a-cheat"

scheme set up by the previ-

ons government to gather

information on heoefit fraud.

The service, which has

received more than 200,000

calls, has been enthuslasti-

cally adopted by the Labour

security fraud.

Senior Labour figures

#### UK NEWS DIGEST

## World Service seeks advert cash

The BBC has approached Saatchi & Saatchi, the advertising agency, about ways of assessing methods of claiming a share of the revenue from edvertisements sold around BBC World Service programmes broadcast by commercial radio stations outside Britain. Nearly a fifth of the World Service's weekly audience listens to its programmes on local FM radio stations, rather than on the BBC's short-wave service. Some of these stations are commercial concerns which raise revenue by selling advertising airtime at the beginning and and of each World Service programme. The BBC stressed that it would not sell advertising on its own World Service broadcasts. At pres ent the BBC allows many broadcasters in relay its World Service programmes free, charging a nominal fee to Alice Rowsthorn, in London

#### ■ MONTSERRAT

#### Government attacked on crisis

Alastair Goodlad, the opposition Conservative party's chief spokesman on international development, yesterday attacked the British government's handling of the crisis in Caribbean island colony of Montserrat, where a volcano has made two-thirds of the land uninhabitable. "At a time when the islanders desperately need help all the Labour government can do is be rude about

them . . . Clare Short [chief international development minister] and her deputy George Foulkes are at odds," he

Few Montserratians appear eager in accept the UK's aid package and leave the leland, Canute James writes in Kingsinn. Although several hundred have registered to be evacuated, less than 30 hed left by yesterday morning.

"Many who are thinking of leaving are waiting for an improvement in the offer from the British government." a Montserratian government official said yesterday. "They hope the new chief minister will get them more money, and they are holding on for this.'

■ SCOTLAND

#### Minister hits back on devolution

Donald Dewar, chief minister for Scotland, yesterday rejected a warning last week from Sir Bruce Pattullo, gov ernor of the Bank of Scotland, that devolution could cost the average wage-earner more than £300 a year, "What we are doing is giving [the Scottish parliament] very limited tax varying powers," Mr Dewar said on BBC radio, "It's a matter for a grown-up parliament with grown-up responsibilities to decide how it will use these powers.

"What Sir Bruce is doing is assuming, as the Conservatives tend to do, that that power will be used to the maximum as a matter of routine, almost, and therefore they produce some fearsome figures. It's not justi-

Sean Connery, the actor, said yesterday he fully sup ported the government's devolution programme for Scotland. He said before attending a screening of one of his films at the Edinburgh Festival that devolution should be supported at next month's referendum because it was "the next step from independence"

Editorial Comment, Page 13

#### POLITICAL FUNDING

#### **Donations setback for Tories**

The finances of the opposition Conservative party are set in receive a further blow from the decision by Dixons, the electrical retailer headed by Sir Stanley Kalms, to scrap its annual donation.

The company, which gave £25,000 (\$40,750) to the party last year, is dropping the payment in line with the trend away from corporate political donations and towards personal support.

Sir Stanley, who has been one of the Tories' most prominent husiness champions, is expected to continue to make personal donations, although he is understood to be disbeartened by the party's crushing election defeat on May 1 after 18 years in power.

In recent years, several big companies have ceased to make donations including United Biscuits, Wimpey and Rolls-Royce. Some have been responding to the concerns of institutional shareholders about corporate political donations, others have been put off by the party's increas-ingly Eurosceptic tone. David Wighton, in London

MUSIC

#### Record-breaking Oasis album

Oasis's Be Here Now has gone straight to the top of the UK album chart and become the fastest-selling album ever in the country by selling an unprecedented 695,761 copies in its first three days on sale. It also went to the top of the charts in several other European countries including the Republic of Ireland and Finland. The album has also broken records in Japan. Sony Music, the subsidlary of the Japanese electronics group which owns 49 per cent of Creation and distributes Ossis' music outside the UK, shipped 250,000 coples to Japan before Thursday, an unprecedented number for an imported release. The three-day tally for Be Here Now in the UK is well ahead of the 350,000 sales achieved by the previous UK recordholder, Michael Jackson's Bad, during its first week of release in September 1987. Alice Rowsthorn, in London

#### Way to cut solar power cost outlined

By Michael Peel

An unpublished report for the European Commission. drawn up by a team led by a British Petroleum scientist. shows the cost of solar-generated electricity would be cut by four-fifths if a large factory was built to make

A group of solar industry companies and academics was asked by the Commission to estimate the effect on costs of building e plant which could produce photo-voltaic modules capable of generating 500MW of electricity annually.

BP Solar said it had calculated from the report that a 500MW cepacity factory could cut the cost of domestic solar electricity in the UK from 64p per kilowatt hour to 13p per kWh. This compared with wholesale electricity costs of about 2.3p per kWh.

"We have still got some way to go here, but in California where you have got twice as much sunshine you would be getting pretty. close to being competitive," said John Harford, strategy and planning manager for BP Solar International.

Such a large factory would be viable only if there was a huge expansion of the market for photovoltaic modules. The Japanese and US governments have set targets for domestic solar | coast rail line between Lonpower use by 2010 totalling 7,600MW a year. However, current demand for modules is only about 100MW a year.

Kyocera, the Japanese high-technology group, aims to increase photovnitaic module capacity at its largbe assembled in the UK est factory to 60MW a year. by 2000, while BP Solar International hopes to manufacture 50MW of modules a year by the same date.

Jubn Browne, chief executive of BP, said in May it simed to increase its sales of solar energy equipment tenfold to \$1bn (£600m) e year in the next decade. -

The report's authors said the study "clearly confirmed . . . that by increasing market size, the price of photovoltaic modules would

Bob Johnson, director of the photovoltaics group at US consultancy Strategies Unlimited, said equipment manufacturere were reluctant to expand their operations repidly because the Japanase and US schemes were dependent on subsidies which could be axed if the governments decided to cut spending:



Mirror image: Nick Reilly, chief executive of carmaker Vauxhall, will crackdown on poor quality training courses down on the poor performers include other representa-

don and Scotland. The order, Italy's Fiat becoming the

national state network, rest of the 15-year franchise.

developed tilting technology

in its Advanced Passenger

Train in the 1970s, but tech-

nical difficulties led lt to

drop out of this field. Manu-

facturers in other countries

have continued to carry out

work in this area, with

assembly of the Virgin trains

will lie with the manufac-

turer, but the tenders to be

sent out on Friday to the 10

pre-qualified hidders will

require the winning com-

maintain the trains for the

world's main supplier.

#### supervise the work of the 79 Training and Enterprise Councils through which the courses are funded.

The government recently cil, which will have an launched a review of the whole system of the employ- have responsibility for er-led councils following criticism about the standard of funded training qualificatraining and allegations of financial mismanagement.

By David Wighton,

Political Correspondent

Nick Reilly, chief executive

of the Veuxhall offshoot of

General Motors, is to head a

UK government drive to

improve standards among

provide £1.4bn a year of pub-

The government will this

week announce Mr Reilly's

appointment as chairman of

a new training standards

council charged with crack-

ing down on poor quality

have more than 400

part-time inspectors, will

licly funded training.

Mr David Blunkett, the education secretary, has cations. been determined to crack-

The requirement to main-

Virgin Group seeks bids for tilting trains

tain the trains means the placed in the past 12 months. supplier would probably The four leading contendassemble them in the UK to ers to win the contract to have access to the skills and huild the trains all have tilt tooling needed to carry out experience. They are repairs. Also, the tilting Adtranz, a joint venture of mechanism, which has been ABB and Daimler-Benz with developed for trains in maina UK base in Derby; Bombarland Europe and north dier of Canada with a plant modified to fit the smaller A decision in assemble in the UK would provide a fur-ther boost to the UK rolling which has mainteogoce depots at Wolvertoo in the pany to design, build and recovering from a gap in English Midlands and

a total of £526m have been could be expanded to carry out assembly. Other manufacturers to

pre-qualify include General **Electric and General Motors** of the US and Kawasaki Heavy Industries of Japan. Virgin expects to place an order before the end of this year - possibly with more The final decision on America, will have to be in Wakefield, northern than one manufacturer - for

England: a consortium of deliveries to start in 2001. Flat and GEC Alsthom, it is expected to require which makes trains in Bir- manufacturers to put in mingham; and Siemens. bids to supply both a completely fitted out train and a hare carriage shell which would allow Virgin to place Springburn in central Scot- a separate order for interiland. Slemens said ils depots ors.

## Engineering 'broker' enters electronic age

stock industry which is still

orders while BR was priva-

tised. Six train orders worth

UK trains.

By Charles Batchelor,

**Transport Correspondent** 

Richard Branson's Virgin

Group will this week invite

bids for 40 tilting trains for

services on the main west

one of the largest for railway

equipment in the UK, is

expected to cost hetween

£500m (\$815m) and £600m,

and the trains are likely to

although they will depend

on technology developed

British Rail, the former

engineering sector, which fixes expply deals for up to 20,000 customers. is planning e large increase in business by taking advantage of electronic mail and the internet.

Sub-Contract UK, part of an international information group owned by Sture Wigart, a Swedish entrepreneur, sends details of engineering parts that hig organisations want made to 1,000 companies, which each pay an annual membership fee.

The companies - mostly small businesses but including the subcontracting arms of GKN, Rolls-Royce and Texas Instruments - then ten-

in. In this way, Sub-Contract acts as tion in outsourcing agreemeots An "introduction agency" for the . a "broker" for about 300 engineering projects a week, with a total annual value of £2bn (\$3.26bn). The company plans to increase turnover to ESbn by the end of the century, partly hy accessing details about more projects and increasing its

membership to 2,500. The company's strategy is to tap into the UK manufacturing sector's growing interest in outsourcing. The manufacturing sector is increasingly getting its components made by outside hodies. Outsourcing enables companies to react more quickly to

changes in their markets. There is an increasing require-

12 percent and sales

comestic (+18%) and

+12%) recorded signifi-

between the different parties that in many cases, may be hundreds of miles apart.

The Wigart group has similar operations arranging supply deals in the engineering and construction sectors in Sweden, Finland, the US and Australia

It has total annual sales of about £70m. The group started its UK operation six years ago, building sales up to £2.5m e year and employing 50

At present the company sends out most details of supply projects to members by post. Over the next few months it plans to speed up the

der for the jobs they are interested ment for new ways to speed informa- information flow by switching to fax and electronic mail, with increasing use of the internet.

In these cases, companies can log details of their supply requirements electronically and potential vendors can send in their bids or request more information using the same technique.

According to Hans Wigart, son of Sture Wigart and managing director of Sub-Contract, just 1 per cent of the deals his company facilitates are accomplished using the internet. He expects this to climb to 10 per cent by 2000 - with growth beld back by the preference of many engineering companies to work with paper rather than electronic media.

April this year regarding an expected fur-

ther improvement in result of ordinary

## ROVEMENT IN LERFORMANCE

M 3.8 billion, Mannesexpenditure by far The operating results for the life and flount spent during the first 1997 confirm Ma Jan-jun 1997 **DM**m DMm **DMm** DMm DMm

DMm

DMm

half of 1995. The number of employees at the end of June 1997 was up 5 percent, at around 126,400.

> For the Telecommunications and Tubes Trading sectors, Mannesmann would mil up its statement of April. The higher a ings recorded at Mannesmann D2 will the showing of Telecommunications last year's benchmark figure. Similaris favourable effect of the turnaround Tubes & Trading will exceed all previous expectations.

> > Mannesmann is confident that the market trend will continue through second half of 1997.

our Shareholders' Newsletter with the interim report for the first half of 1997. activities for 1997. For the remainder of 1997, Mannesmann still expects a perceptible increase in earnings for the Engineering sector and continued growth for the

On request we shall be happy to send you

nesmann

#### THIS WEEK

Lessons in dealing with Brussels

European Union's competition commissioner and a former amateur boxer, bas already dalivered a hloody nose to Boeing, the US had led the EU and the US to the aircraft manufacturer. If it does hrink of a trade war. not watch out, British Airways could soon suffer a similar fate.

In recent battles to win regulatory approval for corporate alli- good case, it thought it did not ances, both BA and Boeing dis-pleyed e tactical ineptness consultant. "So it ignored the striking for enterprises of their political realities and underestisize and experience.

The failings demonstrate a ing France would put up." reality which is only just beginning to dawn on many large com- by rallying support from its panies - that it takes more than European suppliers, including a good lawyer to clear the hur- Snecma of France, but it failed to dles of the EU regulatory process. draw on that valuable source.

Boeing's naivety was exposed during a tussle to win approval Mr Van Miert that the merger for its merger with McDonnell was heading for trouble. Agitated Douglas. The Commission even- hy Boeing's conviction that the tually gave the deal a green light. EU would not the deal through, but only after it had extracted he used a lecture tour of the US substantial concessions, and ten- to air concerns about the impact sions surrounding the merger the merger would have on the

#### DATELINE

Brussels: it takes more than a good lawyer to clear the hurdles of the European Union regulatory

process, writes Emma Tucker

market for civil aircraft. It was only when Brussels was on the verge of blocking the merger that Boeing put its most experienced

lohbyists on the case.

diplomat. "But many lawyars insisted that Brussels had a joint the reading of the law."

For BA - seeking approval for its alliance with American Airlines - the procedure is not yet over, hut the signs from Brussels are ominous

For a company with such a good reputation for lohbying in London, things got off to a surprisingly bad start. While keeping the Commission informed of its plans, BA declared that the UK's Office of Fair Trading, and not Brussels, was the appropriate authority to vet the deal.

This position smacked of arrogance, and led one EU diplomat to describe BA as "the only British company that hebaves in Brussels as if it is still state

find it hard to hreak away from role in assessing the alliance's preliminary list of concessions impact on competition.

To reinforce its case. BA summoned support from the UK's alliance, that if complied with, it then Conservative government an administration with few friends in Brussels.

A flurry of letters between Mr Van Miert and London ensued. culminating in a threat from the from less competitive rival Eurotake BA to court if its verdict on ing the British company. the alliance was ignored.

how not to lobby in Brussels."

There are signs that BA is Brussels, and at the height of coms industry that hegan pour-BA's recent industrial dispute in ing out of the Commission a few

of asking their lawyers to advise owned". It also got under the Britain, Robert Ayling, the chief them on tactics," saye one EU skin of Mr Van Miert who executive, visited Mr Van Miert.

It may, however, be too late. A demanded by Brussels would so emasculate the proposed BA-AA would hardly be worth pursuing.

The irony is that BA has allies inside the Commission who are sympathetic to its complaint that Mr Van Miert, under pressure competition commissioner to pean airlines, is unfairly penalis-

BA's clumsiness stands in "It wes." saye one industry sharp contrast to the deft expert, "a text-book example of approach of another British corporate giant, British Telecommnnications. Long established in making amends. It has opened a Brussels, BT was ready for the permanent one-man office in EU legislation affecting the tele-

years ago. It penetrated the Brus-eels machine so skillfully that some officials even credited it with effectively writing some of the laws\_"BT is the quintessential, sophisticated client," says one lawyer.

Its merger with MCI, a less controversial deal than the BA-AA alliance, sailed through the regu-

latory process last year. BT, which is seeking clearance for an interactive television joint venture with BSkyB, Midland Bank and Matsushita, is again

displaying its smooth approach. Last month it convened a semipar for 20 Commission officials to explain the nature of the deal and demonstrate the benefits it will yield for users.

"Of course we are talking about a legal process," said a BT executive. "But we wanted to show the Commission what we were doing, and to put the joint venture in context.'

The likes of Boeing and BA might taka note.

The Monday Profile: Giorgio Armani

Its main error was to underesti-

mate the impact of the merger in

Europe, "Because it felt it had a

mated the quiet but fierce lobby-

It also ignored warnings from

Boeing could have helped itself

## Master of the cool classic

designer stages a stock market flotation, sceptics in the investment community air concern about what will happen to their business once they become, well, less fashionable.

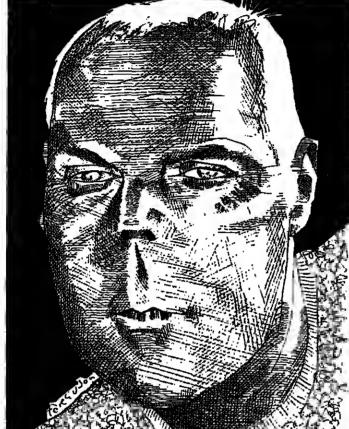
Such a complaint could hardly he applied to Giorgio Armani, who last week joined the list of designers who are reputedly considering going public. by unveiling proposals to restructure his business interests.
Mr Armani, 63, alias "King

Glorgio ~ Master of Milan", as Women's Wear Daily, the US trade magazine, once dubbed him, bas been one of the fashion industry's most influential figures for two decades. In spite of his stature, he cuts a curious figure in that milieu because. arguably, his greatest achievement is to be the least fashionable of fashion designers.

Fashion is an industry that thrives on change. No one needs to buy a new wardrobe of clothes each autumn, hut they can be coaxed into doing so if convinced that they should be wearing something different from the clothes they wore a year ago. Yves Saint Laurent, the French

desinger, mastered the sartorial art of consumer manipulation in his beyday in the late 1960s hy sending a dramatically different set of clothes on to the catwalk every six months, with skirts barely skimming the models' thighs one season and swirling around their ankles the next. A similar ritual is still perpetuated hy the more hip designers of today, such as Tom Ford of Gucci and Miuccia Prada of Prada.

Yet Mr Armani has eschewed change hy adhering to the same more modern version of a consince. Even his choice of colours flamboyant, flagrantly sexy Milan department store, before is conservative. He is, after all, clothes he designed for pop star becoming a designer. In 1975, be



best known for a blend of grey and belge, described as "grelge". To his detractors, Mr Armani's designs can be downright dull, hut his devotees see them as reassuringly discreet. There are only so many ever-so subtly dif-ferent "grelge" suits that a business person can wear, bot contemporary classic style Armani has become the unoffithroughout his career. Having cial uniform of hankers and his celebrity clients have a cere- company manager, he dropped he has refined that form ever Versace, was renowned for the as a huyer for La Rinascente, the a "greige" palette.

the company. His working days usually run from 8am to 8pm, and be even sketches design ldeas during weekend retreats to his country palazzi in the mountains or along the coast. Quiet and self-contained, Mr Armani has a rather forlorn air that overlays a steely determina-

with a close friend, Sergio Gal-eotti, who died in 1984, leaving

Mr Armani with sole control of

tion. He admits to having shouted at his staff on occasion, and is not above criticising rival designers, particularly Gianni Versace, with whom be wrangled for years, although he did issue a dignified statement after the latter's murder, and attended the memorial service,

Since Mr Galeotti's death, he has overseen the company's finances and built a labyrinth of brands, each aimed at a different niche of the market. The husiness has grown to command sales of L1,870bn (\$1.05bn) last vear. The restructuring is intended to streamline its interests, possibly as a precursor to selling a stake to a larger group, or to going public, as Gianni Versace planned to do hefore his

Money is an improbable motivation for the immensely wealthy Mr Armani, who is doubtless more concerned with the question that seems to preoccupy most designers above un certain oge of whether their brand names will survive them.

The subtlety and stahility of his design style may he Mr Armani's greatest asset in wooing prospective investors, but might militate against his hopes of longevity. The fashion hrands that survive the loss of their founders tend to have easily identifiable characteristics, such as harnessed Milan's traditional tail- advertising executives from in the northern Italian town of the hour-glass silhouette of oring skills to create a softer. Marunouchi to Manhattan. Even Piacenza, the son of a transport Christian Dior's 'New Look', or Coco Chanel's tweedy suits, ventional suit in the mid-1970s. hral air. His rival, the late Gianni out of medical school and worked rather than the gentler merits of

Alice Rawsthorn

#### FT GUIDE TO:

#### **ASIAN CURRENCIES**

What's all this fuss about Asian currencies, and Why has the \$16.7bn (£10.2bn) rescue package why does it matter?

Asian governments are reaping a bitter harvest sown in a property lending spree during the boom years of 1994 and 1995. With a large oversupply of property coming on the market, banks look strained just as regional growth has decelerated in the wake of last year's export slowdown. Vast new manufacturing capacity coming on stream in China has also raised doubts about south-east Asia's competitiveness in world markets.

This has put their currencies under pressure, with Thailand being the worst hit. Like several other Asian countries, it had sought to maintain an artificial peg against the dollar which limited its room for manoeuvre in domestic monetary

Asian countries had hoped to cut interest rates after freeing their currencies. Instead rates have risen, stalling growth prospects in one of the most

dynamic regions of the world. Average growth forecasts for Thailand this year Is there another country to watch? are now 1.9 per cent, almost unheard of for an South Korea, which has suffered a spate of bank-

How is the problem likely to be resolved? Many economists believe the crisis will end only when exchange rates have fallen so far that the only way left is up. Not till then can interest rates

Why does the crisis seem to be lasting so long, Will the Hong Kong dollar be dislodged from its with more and more currencies getting sacked

Thailand's crisis stirred echoes of similar problems elsewhere in Asia. Also, the dollar has been strong against the currencies of leading international economies. Many Asian countries needed some depreciation to restore their competitiveness against the yen. The continuing weakness of Japan's economy is cramping Asia's exports to Japan. Starved of demand at home, Japanese companies are meanwhile competing more fiercely on world markets.

Could there be another more pernicious reason? Yes, there is a whiff of competitive devaluation in the air. Even Singapore, a country with strong reserves and a large current account payments surplus, has seen its currency fall. A particular worry is that governments that try to hold the line on the exchange rate may cease to attract. much-needed foreign direct investment.

Who is behind all this speculation?

Asian currencies more actively over the past few relying too heavily on exports. years as a market huilt up in Singapore. The biggest culprits may well be citizens of the worst affected countries.

tary Fund, Japan and other Asian governments failed to calm the markets?

The amount is not large considering Thailand's pressing financial problems. The Bank of Thalland has admitted to having \$14.8bn in offshore forward contracts due over the next year. This is on top of the country's foreign debt of \$89bn. The Thai authorities also face a big bill for their earlier attempt to bail out ailing finance compa-

Much now depends on whether Japanese banks agree to roll over their existing loans to Thai

Will other Asian countries also need IMP help? At present that looks unlikely. Malaysian companies have large debts, but the situation is not as acute as in Thailand.

ruptcies. Local banks' reluctance to rescue the troubled Kia motors could intensify troubles at heavily indebted companies and banks. This could stall an incipient economic recovery which will require careful management by the authorities. But again, the troubles are not on Thailand's

Almost certainly not. Hong Kong runs an even more formal peg than Thailand, but it has a budget surplus and ampla foreign exchange reserves. Its economy and financial sector are

China has made it very clear that it wants the Hong Kong currency to stay pegged to the US dollar. To abandon that policy would involve an enormous loss of face for Beijing, with serious consequences for its claim of competence in preserving Hong Kong's prosperity.

Is the Asian miracle over?

No. Most economists expect Asia's growth rates to pick up again after a couple of years, but the crisis has shown structural flaws in the region's economies. Bank supervision needs to he improved and the financial sector made more efficient so it can direct savings to the most productive sectors of the economy. What can Asian countries do?

Mahathir Mohamad, Malaysia's prime minister, Asian countries need to raise their skill levels so tried to pin the hlame on George Soros, the US they can move more easily up the manufacturing Asian countries need to raise their skill levels so financier. Mr Soros denied any involvement, but chain. As their economies mature they also need international currency funds have been trading to look for more domestic-led growth instead of

Peter Montagnon

FOREIGN & COLONIAL PORTFOLIOS FUND Société d'investissement à Capital Variable getared Office: 47, Boulevard Royal, Luxembourg R.C. Luxembourg: B 25.570

NOTICE In hereby given to the holders of shares in Foreign & Colonial Portfolios Fund (the "Company") that:

L. An extraordinary general meeting of shareholders of the Company will be held in Luxembourg, 47, Boulevard Royal, on 3rd September 1997 at 10.00 a.m., with the lokowing agenda:

- to decide the amendment of article 5, 22 and 23 of the articles of incorporation of the Company with the main purpose to provide for the procedure for analignmenting a class of shares rate another class upon the decision of the shareholders of the classes concerned.

The entire text of the proposed amendments is available, upon request, at the offices of State Street Bank Luxembourg S.A., 47, Boulevard Royal, Luxembourg.

or some sever care Luxermourg S.A. 47, Boulevard Royal, Luxermourgs.

In order to defiberate validity on the item of the agenda, at least 50% of the chares issued must be present or represented at the extraordinary general meeting, and a decision in favour of the item of the agenda shall be approved by shareholders holding at least 2/3 of the shares present or represented at the meeting.

II. The extraordinary general meeting of shareholders described hereebove will be followed by class meetings (hereafter the "Amalgamation Class Meetings") of holders of shares or:

Foreign & Colonial Porticilos Fund - European Smaller Companies Porticilo (the "European Porticilo");

Foreign & Colonial Portfolios Fund - Japanese Smaller Companies Portfolio (the "Japanese Portfolio"): Foreign & Colonial Portfolios Fund - Emerging Assen Equity Portfolio (the "Asian Portfolio"); and Foreign & Colonial Portfolios Fund - Sterling Distribution Portfolio (the "Sterling Portfolio").

(ne Searing Porticion).

The agenda of the Ameligametron Class Meetings will be as lollows:

1. for Shareholders of the European Porticio with the Sterling Porticio to decide the ameligametron of the European Porticio with the Sterling Porticio to decide the ameligametron of the Japanese Porticio and Asten Porticio to decide the ameligametrion of the Japanese Porticio with the Assan Porticio to decide the ameligametric porticio.

A notice describing the terms and conditions of the ameligametric reterred to in the agenda hereshove may be obtained at the offices of State Street Benk Luxembourg

S.A.

No quorum is required for an Amalgamation Class Meeting to deliberate validity on the larn of the agenda, and a decision in favour of the fiern of the agenda shall be approved by simple majority vote of the shares present or represented at the meeting. The amalgamation of the European Portfolio with the Sterling Portfolio will become effective (if so decided) on 15th October 1997 and the amalgamation of the Japanese Portfolio with the Asian Portfolio will become effective (if so decided) on 22nd October 1997. Shareholders of the European Portfolio and the Japanese Portfolio are reminded that they may redeem or convert their shares, free of any charge before the amalgamation becomes effective.

In order to facilitate the amalgamation, the Company will, if the amalgamation is approved, suspend dealings in the Japanese Portfolio and the Asian Portfolio trom 3.00 p.m. (UK time) on 13th October 1997. For the same reasons, dealings will also be suspended in the European Portfolio and Sterling Portfolio from 3.00 p.m. (UK time) on 13th October 1997.

Positions in the Sterling Portfolio will recommence on 18th October 1997 and any Positions in the Sterling Portfolio will recommence on 18th October 1997 and any

on 13th October 1997.
Dealings in the Sterling Portfolio will recommence on 18th October 1997 and any application received before 3.00 p.m. (UK time) on 15th October 1997 will be dealt with at the ret asset value calculated on 17th October 1997. Dealings in the Assan Portfolio will recommence on 23rd October 1997 and any application received before 3.00 p.m. (LK time) on 22rd October 1997 will be dealt with at the net asset value calculated on 23rd October 1997 will be dealt with at the net asset value calculated on

23rd October 1997.

RI. If the resolution concerning the amelgamation of the European Portfolio with the Sterling Portfolio and the Japanese Portfolio with the Asian Portfolio is not passed, the Amelgamation Class Meetings described hereabove will be followed by additional class meetings (hereafter the "Liquidation Class Meeting") of holders of shares in the European Portfolio and the Japanese Gentfolio.

The agenda for the Liquidation Class Meeting will be as follows:

1. for Shareholders of the European Portfolio, to approve the Equidation of the 2. for Shareholders of the Japanese Portfolio, to approve the liquidation of the

2. for Strancholders of the Japanese Putoto, or expense per Stranch Japanese Portfolio A liquidation Class Meeting can only deliberate validity on the item of the agenda, if at liquid 50% of the strance assued are present or represented at the Liquidation Class Meeting and a decision in favour of the litem of the agenda shall be approved by shareholders holding at least 23 of the chares present or represented at the meeting. Holders of bearer shares who wish to attend the extraordinary general meeting shareholders and/or any of the different class meetings should deposit their chairs certificates with State Street Bank Luxembourg S.A., at least 48 hours prior to



Elton John, hoxer Mike Tyson and actress Elizabeth Hurley: but

any Armani garment landing on

the pages of Hello! magazine or

the National Enquirer is more

likely to belong to award-winning

actress Jodie Foster, rock star

Eric Clapton or film director Mar-

Mr Armani's character is as

self-effacing as his clothes. Born

tin Scorsese.

The UK government's recent decision to charge university students tuition fees has produced a chorus of complaints from "Old Labour" traditionalists. It is puzzling that many of the same people who complain that the government does not tax high earners beavily enough should ings they forego during study, oppose what is essentially an

egalitarian reform. from the recommendations of Sir Ron Dearing's long-awaited report on the funding of higher education, but the basic principle underlying both is sound: higher education can only be expanded if its beneficiaries bear a fairer share of the costs.

But what is a fair share? Sbould students not bear all the costs, as higher education is an investment in their own buman capital from which they benefit in the form of higher earnings? Graduates certainly find them-

selves at an advantaga in the lahour market. On average, a male graduate in his 40s earns about £650 (\$1.060) a week before tax, compared with just over £500 for a man of the same age with two A-levels - the typical entry qualification for a degree course. Women, on average, earn less than men, but the percentage premium they get from a degree is larger and it accumulates at an

Education is not the only explanation for these differences. Innate ability and family backgrounds matter too. The skills gained through higher education explain 60 to 80 per ceot of the graduate earnings premium for men and almost all of it for

The choice of degree also matters, with engineering more profitahle than arts.

By focusing on the costs

**Robert Chote** · Economics Notebook

## Logic of charging tuition fees

UK students get a high return on their investment in a university education. Making them pay for it is essentially an egalitarian reform

incurred and henefits received by individual graduates, it is possible to calculate the return they make on their investment in higher education.

The cost is the post-tax earnpartly offset by maintenance grants and student loans. The The details differ somewhat benefit is the earnings premium - net of tax, national insurance contributions and repayments under the existing student loan scheme.

According to researchers at the Department for Education and Employment, the average rate of return is an attractive 11-14 per cent, depending on the proportion of the graduate premium which is explained by skills acquired at university.

The return is as high as it is because tuition is free and the taxpayer subsidises the student's living costs.

The "social" rate of return which also includes the costs and benefits borne by taxpayers - is only about 7-9 per cent. The cost In this case comprises direct teaching costs and the output of goods and services foregone during the student's period of study. The benefit is the extra output of goods and services that a graduate produces relative to a nongraduate.

Social rates of return vary widely by subject, as the choice of degree affects the earnings premium and cost of tuition.

returns of about 11 per cent, as cent the Treasury demands from they are cheap to teach hut yield large earnings premiums. Science and engineering degrees are expensive hut quite

remunerative, giving rates of return of about 5 per cent. Arts degrees are cheap, but higher education delivers bene- private rate of return that gradu- e-mail; robert chote@ft.com

Higher education: worth investing in Net benefits (£'000) Earnings differential after graduating (assumes 80% of graduates pay premium explained by state gained from higher education)

تواسليا بالمالية المالية 12 21 24 27 30 33 36 39 42 45 48 51 54 57 Source: National Committee of Engulry Into Higher Education.

arts graduates are relatively fits that are not reflected in gradbadly paid, so they offer negligible rates of return

These rates of return are based on the earnings premiums enjoyed by past generations of students. These may change because of shifts in the demand for and supply of graduates. The Institute of Employment Research forecasts a 50 per cent rise in the supply of graduates hetween 1991 and 2001, with the demand for graduates rising by 40 per cent.

The excess of supply over demand is likely to increase in the following decade, but unless this pushes the earnings premium down hy more than a third, the social rate of return college, while the social rate of have to finance only a small pro-Social science degrees give should remain above the 6 per return will be increased if the portion of what it costs to teach public investment projects.

These rates of return are delivered hecause of the way human capital is rewarded in the labour market.

uates' earnings - for example, by boosting the productivity of those people with whom the highly

educated work. economics at the University of 'acquiring such a large debt, espe-Nottingham, investigated this for cially if they came from relathe Dearing Committee, but tively poor backgrounds. Hence found little evidence that higher the attraction of an income coneducation delivers important tingent loan system, in which the spillover benefits to the economy size of the loan repayment due at beyond those which are captured a given time depends on the gradby the labour market. There are also non-economic

The private rate of return might enjoy the experience of being at from well-off backgrounds will presence of graduates somehow enriches non-graduates' intellectual and cultural lives.

account does not alter the basic dents may find themsleves bearconclusion: it is sensible to ing even more of that burden. But they may be understated if reduce the artificially-inflated

ates enjoy by spreading any subsidy across a wider number of students.

This is agalitarian becausa although graduates may be relatively poor while they are at college, they tend not to be during their working lives.

This is the logic behind charging tuition fees and leaving students to pay their own living expenses during their years at college. But state intervention remains necessary, because while students may wish to invest in their human capital, most cannot horrow to finance that investment because they have no secu-

State subsidy is also justified on the grounds that the dispersion of private rates of return around the average is relatively wide. There would be under-investment in a pure market system because many potential stu-Norman Gemmell, professor of dents would he nervous of uate's earnings. The government has accepted

externalities, which hy their the principle of income continnature, are difficult to quantify. gent loans, which is a step forward for equality and efficiency. be increased because students. But to begin with, even students Old Labour and the middle

classes are complaining already, Taking externalities into but-future generations of stu-

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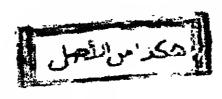
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#### MARKETING / ADVERTISING /

MARKETING

## How pride can lead to consumer prejudice

J. Sainsbury supermarket group is in danger of being seen as arrogant, reports Alison Smith

nct they would like the UK rket chain to stock. The More Choice Because It's Your Choice' initiative began with the launch of a

£1.5m (\$2.4m) advertising campaign by Abbott Mead Vickers this month, and the most popular lines are due to be in stores in October. Putting such emphasis on sking customers what they want is part of a change of tone for Sainsbury's. David

brand director, says: "Lat-

can rulers better than the

little black boxes perched on

top of a growing number of

As governments shun the

command economies of their

past to embrace the private

sector, their wealthiest citi-

zens are developing a taste

for pay television. And in

the snb-Sahara, they sub-

scribe almost exclusively to

African broadcaster that has

television in the continent

lan Tennant, general man-

ager of MIH Africa, This

fledgling empire spans more

Botswana, Ghana, Kenya,

to win a licence from the

Pretoria authorities in the

days of apartheld, its pro-

grammes are today watched

complicated by the fragile

state of Africa's telecommu-

nicatione infrastructure,

That expansion has been

by up to 1m viewers.

77.70

Peter Marie

10,000 five years ago.

oneered the growth of pay

The whole of Africa has

Africa's television sets.

🕇 ew household appli-

ances illustrate the

changing economic

of terly there has been a need to understand clearly tha diffew days left to ference hatween heing vote for the prod-authoritarian, which is negative, and being authoritative,

The shift in approach coincides with analysis by adver-tising agency FCB - which Sainsbury was unaware of that identifies Sainsbury'e as a brand in danger of appear-ing arrogant. "The most common complaint we heard about Sainsbury's was forcing its own-label products down customers' throats, making them feel their McNair, the enpermarket's choice was being taken away," says Mark Hartstone,

a director of FCB UK. FCB devised tha "brand arrogance/mirror marketing" model from its "mind and programme. Tha ments to assess brands on their perceived benefits. "As brands evolve personalities, people respond in the same way they would if confronted with human behav-

iour." Mr Hartstone says. Types of brand or sector ntified include the insplrational trend-setter (such as Nike or Levi's); the powerful. proud but incompetent (the UK's pre-election Conservative party); the sycophants who seek to "buy friendship" by competing primarily on price (package tour compa nies); and those who are trusted friends (Heinz and Kellogg's). Mr Hartstone says arrogant brands may be sful, but not as successful as they could be. According to FCB, arro-

sumer feel explinated by fail-ing to lieten, being patronising and insulting their intelligence by overstating what they can do. . Consumer comments have produced some surprising names on FCB's 'arrogance danger list". They include

gant brands make the con-

Halifax, the huilding society. which came under fire from the charity Mencap for the way it distributed free shares when it converted to a bank: Foster'e lager, which was seen as trying to force a ers; and Mars which wae criticised for running special edition products that were not available in spite of cus-

tomer demand. Mr Hartstone is donbtful that Sainsbury's campaign will enable it to shed its perceived arrogance. But Mr McNair insists that the return to core values of qualtty and choice, represented

by the initiative, will be one the ways Sainshury strengthens the lovalty of shoppers and encourages notential customers.

The promotion will be doing well if it comes anywhere near achieving what the company claims. But there is one sign that the store is moving away from the perceived (and disliked) dominance of its own-label products. If enough shoppers vote for Sainsbury'e to sell an own-label product from a rival supermarket store will look at improving its own equivalent.

## A taste for pay television

Mark Ashurst on M.I. Hodings, Africa's broadcasting pioneer

**TELEVISION** 

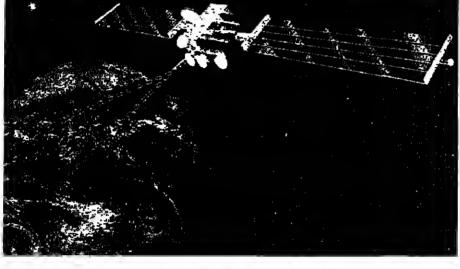
MIH subscriber management system. In spite of technical problems short-term prospects for the group depend on these new markets. MIH has yet to turn a

profit from its African M.I. Holdings, tha South operations. But per capita profits from Namibia and Zambia compare favourably with those of South Africa, where profit margins are just opened up for us," says among the highest of any pay television operator in the world. These revenues have funded the launch of new ventures. than 100,000 subscribers in

Viewers appetite for Namibia, Nigeria, Uganda imported programmes was unexpected, eavs Mr Tenand Zambia, compared with nant. More than 80 per cent Opportunities north of the are indigenous Africans who South African border have are attracted to foreign protriggered a transformation at gramming in part because of the Johannesburg-based the poor quality of local tele group; Launched a decade vision, and a dearth of estabago as M-Net, the only prilished private sector compevate television broadcaster

As the deregulation of Sonth African alrwaves gathers pace, MIH is looking to new markets to ameliorate the impact of competition on its home turf. Next to the political revo-

lution at home, the key to these markets has been which is essential for the through joint ventures with a joint venture with a local transmission of data to the state-owned broadcasters partner.



and a commitment to pioneering digital technology. In the sub-Sahara, where MIH expects to sign more than 5,000 subscribers, only Zimbabwe has denied access to the group pending deregulation of the monopoly of terrestrial television. Elsewhere, each of the group's terrestrial broadcasters in Africa has been launched as

After deals with private sector partners in Namibia. Botswana, Gbana and Nigeria, M-Net demerged its subscriber management and technical operations in 1994. M-Net bnys and produces television programming; MIH, which trades under the brand-name Multicboice. runs the channels and the subscription business.

The group has proved an effective vehicle for striking

deals with state broadcast ers. The first such partnership was signed with the Egyptian national broadcaster in 1994. Its 10,000 subscribers form the bub of a Middle East operation, while MIH Africa has repeated the formula with state-owned broadcasters in Uganda, Kenya and Zambia.

All involve the terrestrial broadcast of channels transmitted by satellite from

South Africa, and then rebroadcast locally in a scrambled format using analogue technology. These can be received on a conventional television by a set-top box which decodes the scrambled signal. Start-up costs, between

\$150,000 and \$700,000, depend on the size of the market, and subscriptions cost about \$50 a month. Franchisees rebroadcast MIH programmes in the smaller markets of Togo, Burundi, Gabon, Niger, Mali and St

🕇 be next big leap was in 1996 with the launch of digital satellite television. In one year, the service has signed 32,500 subscribers to 20 video and 23 audio channels. Although the initial cost to subscribers is high, the package compares favourably with television channels available on the analogue services. Mr Tennant expects operations to turn a profit in 18-30 months.

The economies where we operate are all growing some at an average of 5 per cent a year. Most have started privatisation, there is foreign investment, mining exploretion is going mad. there is a lot of activity in oil and gas, and the political sitnation is freeing up," be says. "Overall we are close to break-even, and we are very bullish about the prospects for Africa."

#### John Hegarty · Ad Lib

## In praise of the TV commercial

magine for a moment you are the marketing and sales director of a large company.

Achieving your sales targets is giving you sleepless nights. The company's share price is under pressure the board is getting nervous. City institutions are questioning the company's investment policy.

How can you generate extra sales quickly and effectively through your consumer base, and expand your potential market? As you toss and turn in

hed, feeding a potential ulcer and eweating your way to an early coronary. 1 appear. I have invented a thing called the "television commercial".

It is a new and unique way of talking to consumers. Between popular programmes, 1 will sell you slots of time - anything up to 60 seconds. I will even negotiate for you the wbole break, so no one else can compete with you.

Within this spot you can say whatever you like in wbatever form you like. You control the dialogue, presenting your product or service any way you wish. This salesman's nirvana

will soon waft you back to eleep, ease your ulcer and lower your blood pressure. Of course, the television commercial has been with us since 1955. Since its arrival, it has been one of the most, if not the most, effective creators of brands and wealth. So wby is it that you can bardly pick up a marketing magazine without reading about the medium's imminent

Before you rush to the internet, put your money below the line or search for some trendy elternative media, absorb these facts. The average adult in the UK watches more than 24 bours of TV every week, 60 per cent of children have a TV-set in their bedrooms One in four adults watch the soap opera Coronation

Street, even more wetch

International Internet Name Registration

EastEnders. So why do we read that the likes of Cadbury, the chocolate manufacturer that sponsors Coronotion Street, think most marketing is nothing but froth and are putting more money into programme sponsorship? Why did we read that Heinz was pulling out of TV advertising (it has since gone back); that more marketing money was going below the line?

Could it be that as the medium has become more competitive some companies have found it harder to create advertising that works? The medium is not a guarantee of success. It has to be used single-mindedly and imaginatively. Perhaps this is the nub of the problem - some companies find this process difficult to manage

lt was said of Michael Dukakis, the 1988 US Presidentiel candidate who failed to beat George Bush, that he ran a poor TV campaign - and a man wbo could not run a cohesive advertising campaign for the presidency would not be much good at running the country.

Perhaps as company executives pour scorn on the value of TV to generate sales and wealth for their shareholders, what they are really telling us is they are not very good et their jobs.

be television commercial has been and still is one of the most incredible mediums put at the dis posal of companies.

Every marketing, sales and finance director should get down on their knees and say thank you. And the next time someone says for get TV and eulogises about the internet or alternative media, whatever that might be, remember all those people wbo watch 24 bours of it a week. Where else are you going to find them?

John Hegarty is chairman

#### Web Site of the Week

## Award for students with ideas

ment of Trade and Industry last week launched an award for students aimed at and inunvative idea to push forward the boundaries of interactive digital media using the internet".

The Young ISCA award is part of the DTPs Information Society Creativity Awards, organised in conjunction with a range of corporate partners including Demon, Yahoo!, The Open University and Sun Microsystems. Details of

web site, www.isca.co.uk. Students at UK institutions can win a first prize of £3,000 by submitting a "demonstrating a creative demonstration project which can be viewed using

> £2,000. The competition was announced last week at the Interactive Learning Con-

ference in Edinburgh. Nicholas Negropunte, founder of the MIT Media Lab, said: The digitisation and the convergence of the competition can be nications provides unique

ritain's Depart- found at the DTI's award opportunities for creating, onstrate their entries at combining and presenting information in radical new ways for a global audience.

"Young people are already exhibiting skills and imagination in exploita web browser. The wining thas opportunities. ner's college will receive Each generation will become more digital than the preceding one. The control of bits of that digital future are more than ever before in the hands of the

young." Applicants have from October 1 until May next year to enter. A short-list of 20 projects will be selected and the creators will dem-

next year's Interactive Learning Conference, where final judging will take

Barbara Roche, DTI min-ister, said: "These awards will encourage students to provide a sbowcase for the wealth of talent and creativity among the student body, many of whom will become the next generation of innovators for the information society."

> Stephen McGookin

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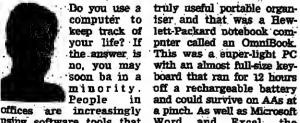
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#### Tim Jackson · On the Web

## Organise life with a gadget



offices are increasingly using software tools that range from modest address book programs to ambitious group project packages to manage their lives. The software allows managers to ask staff to do things, and to chase them almost automatically if they miss deadlines. Smartest of all are the gad-

computer - through an infra-red port or by receiving screen and converting them into meaningful diary data. The fundamental weakness of many of thesa

systems, known as personal information managers - is portability. You want to carry the life-tracking prodnct with you because its usefulness is curtailed if you have to write the information in a diary and then But there is a certain

attached to the idea of pulling out a gadget whenevar

l have only once found a

computer to iser and that was a Hewkeep track of lett-Packard notebook comyour life? If puter called an OmniBook. the answer is This was a euper-light PC no, you may with an almost full-size keysoon ba in a board that ran for 12 hours minority. off a rechargeable battery in and could survive on AAs at a pinch. As well as Microsoft

Word and Excel, the machine had a personal information manager built into it. It was big enough to type long documents in, hirt small enough to carry in a pocket. Leaving it in the bedroom at night.I used to rely on the machina to wake itself up and beep me in the gets that talk directly to a morning if there was a breakfast meeting I had forgotten about. Inexplicably, flashes from the computer. HPno longer makes the machines. The arguments for using

software to keep control of your life are plain to see. Take the address book, for instance. Anyone who has kept names and numbers in a book will know the panic that comes when you fear the book might have been lost. Without a secretary to photocopy the pages each month for archiving, a physical book can be an unreliaostentations nerdiness ble storage method for

important information. But software has its downsomeona suggests having a sides, too. My own experidrink next Thursday and ence suggests that looking pecking away at its minia. up an address using PC softture keyboard to get the ware takes at least twice as

long as in a book.

sad about the lack of aes every time I power up one of database compared with using a book.

I have used a number of packages for phone listings. The latest of them is the Office 97 version of Microsoft Access, which includes a purpose-built contacts database. Some features of the package are terrific: you can press a button marked 'call'. dial a number and fill in a short note of what was discussed that will be filed next to the date and time of the call. There are more ambitious functions in the latest version of Microsoft Outlook. but the problem with both packages is they take hours

to learn. The most extreme example of this technology-driven productivity drain is the to-do list. After using electronic to-do lists, I have concluded that lists of jobs that need to be done are better put on the backs of envelopes than in computers. The problem ie deciding how much detail to write. Should you break down each project into its component parts. and create 20 or 30 things to do? Or should you keep it. general, and leave only one item? Choose the first, and you are likely to get depressed at the mountain of

latter and the package will be of no use: My inclination is to add

thetic pleasure in using a these software packages, it beeps and fills the screen with windows full of unfinished work marked in red. This week, however,

etarted using one package that looks as though it might be useful. It is e desktop tool from a small Bostonbased software house called Grasp Information Corporation, which allows you to capture nuggets of information from documents or from the web, and to save them in the form of electronic threeby-five index cards which are collected in a set of hierarchical folders.

The attraction of this approach is that it is more flexible than a rigidly structured contacts book or project ontline. The program also does not make you wait while it powers up. Left running on the desktop in Windowe 95, it allows you to highlight a phrase or paragraph and drag it to one of the folders that appear near the bottom of the screen.

is available from A few days' use has convinced me that it is more promising than any organiser software I have seen work before you; choose the before. Whether it becomes a permanent fixture remains

The package is called

KnowltAll, and a beta ver-

sion that works for a month

There is also something too much. The result is tim.jackson@pobox.com

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#### Scenarios force managers to tackle their assumptions, writes Tony Jackson

about the future might seem a curious occupation for grown up executives. But there was a time, in the 1970s and early 1980s, when scenarios were a familiar part of the planning process. They then fell out of fashion for a while, as did strategic planning overall. Now that strategy is making a comeback, so are scenarios.

In essence, the scenario technique consists of describing a range of possible futures. Let us suppose that the Chinese economy implodes, or that it flourishes: that the internet enriches the telephone companies, or drives them to ruin. What then?

The aim is not to make predictions. but to provide a framework into which subsequent events can be fitted. If executives have thought out the possible outcomes, they should be quicker to react when one of them arrives. As Arie de Geus, former head of planning at Shell, puts lt, they can remember the future.

While accourios have a long history in the armed services. Shell is generally credited with adepting them to business, in response to the first oil shock of 1973. Other oil companies latched on. Since the oil industry undertakes vast single investments such as refinerles or petrochemical complexes, scenarios appealed as a form of risk analysis. What would happen if the oil price soared or plummeted? What were the odds of a given host government collapsing, or nationalising the industry?

Then came the reaction. In a recent hook, The Living Company, Mr de Geus describes how in the 1980s. Shell's senior executives became sceptical. Making up stories, they said, was great fun and good public relations. But how many decisions could be attributed directly to the scenario

Today, according to Roger Rainbow, Shell's present head of planning, a balance has heen struck. The old practice was for the planners to draw up the scenarios and then make presentations to the line managers; as Mr Rainbow puts it, to "show and

Over the last 10 years, he says. there has been more emphasis on getting the managers involved. "The trend has been to get them to bring scenarios into their declsion processes," he says, "That's

A glimpse of possible futures



need to help people make declsions on quite focused issues, down to the level of a specific strategy in a given country, or a specific project.

At the same time, he reports there is a rising level of interest outside, "We get one or two companies a week calling us up to ask our advice on scenarios. If we were a consultancy, we'd be making a lot of money,

There are a number of consultancles doing just that. Global Business Network, of California, was set up in 1988 by Peter

actually quite hard, and we've nario planning for Shell, had a few false starts. But we Northeast Consulting Resources, of Boaton, was founded by a group of consultants from Arthur D Little who had previously done scenario work for IBM.

According to Keith Anderson, Northeast Consulting's senior associate in Europe, the difference in origins is fundamental. Where Shell began with geopolitical change, the computer industry was more concerned with detailed developments in technol-

What we see now," he says, "is changes in products and factor costs, and in industrial struc-

days, you don't know who your future competitors will be. That's given scenarios a new lease of

MANAGEMENT

Mr Rninbow would not disagree. In the old days, he ohserves. Shell's scenario work consisted almost entirely of largescale stories about the world. Now, much of it is quick, one-off atudies on issues of technology or markets, in response to demand from Shell executives,

As Mr Anderson puts it, the task is not merely to describe possible futures, but to identify the preferred one and work to

it perceived its mistake, it set out not merely to catch up, but to take a lead in determining how the internet developed. So what practical use do com-

panies make of scenarios? That can be hard to pin down. Execu-tives, after all, are not keen to belp their competitors by laying bare their thoughts on the future. However, some of Northeast

Consulting's projects for clients give a flavour. In 1995, the US manufacturer 3M used scenarios to think about the distribution of its office products in Europe. Would very powerful pan-European distributors appear, on the US model? Or would European patterns remain diverse? And how important would electronic commerce become in 3M's markets?

The German electronics group Siemens used scenarios after forming a telecoms alliance early last year. The alliance aimed to develop switches for broadband communications. The scenarios examined the impact of the internet on one big class of customers. the traditional telephone compa-

Sceptics would argue that any sensible company will do this kind of forward thinking anyway. But scenario planning, for its proponents, is above all a process: a means of forcing managers to confront their assump-

James Herman, vice-president of Northeast Consulting, says: "Senior executives trust the mental model which got them where they are. But if you're in telecoms, computing or media, the danger is that assumptions from past experience no longer apply. So we use scenarios to update the

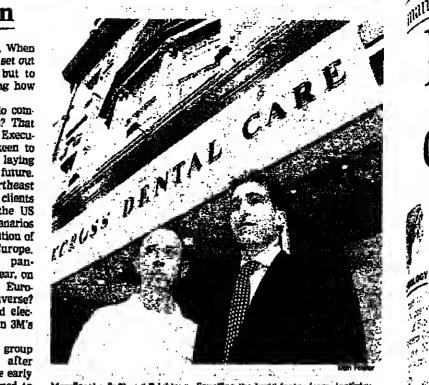
Also, he argues, managers typically work in teams, and they may sometimes have conflicting assumptions without realising it. By thrashing out scenarios together, they can spot the conflicts and, with inck, resolve

A consultant such as Mr Herman, of course, makes his living from scenarios. Mr Rainbow, a career Shell executive rather than a specialist, sounds a note of caution, "Some people are looking for the magic hullet to transform the company," he says.

"We never thought scenario planning was that. But it does help you understand a changing

"A large number of

\*Priority Issues in Technology and Innovation Management Arthur D Little International, Boulevard de la Woluwe 2. B-1150 Brussels, Belgium, tel: (32)



fielt) and Pdehtzur: dispelling the 'ugh' factor from dentistry

#### **PARTNERS**

## Whitecross



dentist in 1976. Thirteen years later, he jounded the concept of a high-street dental chain, called Whitecross, In 1990, Avner Pdahtzur, 44, became a partner. They have six dental practices in London and n . . turnover of £3.5m. In May, they became the first dental business to float on the Alternative

44. qualified as n

Paul: "Within nine months of opening the first practice, I had four dentists working full time: which amazed me. Traditionally it would have taken four to five years to haild up a practice because dentists relied on word of month. It was nnly after the rules on advertising changed. in 1987, that the concept

Investment Market.

became possible. We're now finding that a lot of our patients have a regular dentist in the suburbs where they live, but have got sick of. losing half a day's work every. time they need a check np. The whole idea of a high-street chain is dead simple, yet people still find it difficult to grasp,

Dentists are no different to noticians. Fifteen years ago , their industry was just as fragmented, now the majority of people go to an optical chain,

It took Avner five years before he could persuade a venture capitalist to invest in" ns; they either said: 'Interesting idea, can't see it working', or 'If it's that good why has nnbody done tt before?"

We got endless rejections but neither of us stopped believing in the concept. Avner was hrilliant at putting together per projections which I: would have found a nightmare. He leaves me to manage the . . clinical side so in many ways we're perfectly balanced."

Avner: "When I joined, Paul

had already written a opened his first Whitecross in Camden which was quite impressive considering his qualifications were in dentistry, not business.

It took about a year nf working part time before I'd created a proper set of accounts, which meant wecould then communicate withthe banks and borrow more

than Paul. He'd rather work on gut feelings, whereas I heed everything to add up. His key contribution has been the way that the business looks and feels. I fought long and hard not to have fresh flowers in every surgery because they cost money. He kept saying, "No Avner, you don't understand these things" then went ahead

anyway. Pani is keen to dispel what he calls the 'ugh' factor of dentistry hy creating a pleasant environment. Wa don't want people walking in and thinking they are going to be ripped off, or hurt, which is nne of the reasons we have a consultation table in every practice. It means the dentist can explain things properly.

Quite often a patient won't

have a cine how much treatment costs. They come in expecting a £20 check up, then discover they need £1,000 worth of work. Tooth decay is not going to disappear over night which means that dentistry is probably one of the safest industries to invest in. Unfortunately, we still have difficulties communicating this to would be investors.

: In America there are seven or eight dental companies trading on Nasdaq so people can make comparisons. Over here, we're still regarded as the only lunatics in town."

Fiona Lafferty

#### top of many corporate agendas, the spotlight is on the management of research and development. How best can companies improve the effectiveness and efficiency of their technology and innovation management?

s innovation moves to the

A study hy Arthur D Little, ... management consultants, of 57 senior European technology managers identified pressures from two main directions.\* Companies are being asked to respond more quickly to new opportunities and threats. At the same time, they have to improve the return on investment.

Some obstacles crop up again and again. There is too little technological understanding

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## How to handle R&D

among top management and there is a mismatch between the long-term ontlook of some parts of the business and the shortterm demands of others. Some :: technology managers also have difficulty linking their role with the goals of the business.

Companies which had made the greatest strides to overcoming these problems, it found, tried to map out the likely progress of their technologies. They had also appointed a chief technology officer to the top team and brought husiness and technology

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managers together within a formal structure. Such moves are not easy since R&D staff are still perceived to lack market orientation. Possibla ways of dealing with this problem include introducing a

programme to help R&D staff meet customers and allowing R&D leaders to get busines exposure through job rotation.

Another important thema underlined in the ADL study is the impact of globalisation. The benefits can be numerous: it gives companies access to the best brains and ideas from other areas: It helps companies understand customers in other parts of the world; it helps open doors to business alliances and contracts and it can save costs.

Some industries, such as pharmaceuticals, are relatively experienced at managing global R&D, says ADL. Others, such as the antomotive and food industries, are still laarning how to share information and projects across boundaries.

The emphasis on globalisation means that restructuring may be here to stay - although ADL notes that many people would

welcome a period of stability and warns that some companies have downsized too much.

companies . . . hava been horrified by the effects of attempts in the early 1990s to tighten up R&D efficiency which led instead to undesirable side-effects such as an overwheiming emphasis on the short term," it says.

Vanessa Houlder

Losing the plot with bitter class warfare

have discovered the ultimate nightmare in training programmes for managers. That is ome accolade when you consider the amount of role-playing and scrambling through freezing bogs that routinely goes on in the name of management improvement.

This programme is in a different league from all those dreadful others. For a full week a small group of managers agree to relinquish every aspect of their ordinary lives and set up their own micro-society in Massachusetts. On arrival at the Cape Cod Conference Centre some are stripped of their helongings and labelled immigrants. Others are chosen to form the elite class - they can drink wine, but are beset hy a paranoid need to hold on to their privileges. The rest are designsted "middles", and are threatened by the under-class and harassed by the elite.

After a few days of bitter caste warfare, this fun game comes to an end and the next few days are spent in analysis of the previous days. The effects, are - apparently - devasting. According to an admiring article ebout the course in the latest issue of Fast Company, the right-on US business magazine, many of the participants are brought to crisis point. Some others are so disturbed that they are inclined to crash their cars. Many leave their jobs within a year of taking the course. But all gain e profound insight into their own motivation and the way in which organisations work.

One can only despair at the lack of common sense among US managers. The fact that anyhody pays good money to undergo something so uncomfortable and unnecessary suggests they have lost the plot altogether. To be a better manager you do not need anthropological theories on how societies function. To understand the way you relate to your colleagues it is not necessary to give up your belongings and play an elab-



right under our noses.

**Lucy Kellaway** 

is hard. We all know that. But the clues to improving are not in simplified models of societies. They are

An acquaintance in advertising recently had lunch with the editor of a national newspaper. Tell me, said the editor, how can we improve the content of our paper? The advertising man ventured to make a few suggestions, but as he did so felt a frost descend. Too late, he realised that he had not been askad

to criticise at all, but to admire. The anecdote exposes a weakness in the present craze for feedback. Solicit feedback! say all the self-help hooks. Successful employees are meant to be constantly asking people for honest opinions of their performance. The successful manager is meant to delight in delivering home truths in an open, helpful way.

Yet real life is not like this. Despite what the communications courses teach, there is no softening a home truth. The received wisdom says that you should never tell someone that they are stupid or incompetent. Instead you should



describe the occasions on which they exhibited these tendencies. Thus the stupld and lazy person is supposed not to take it personally, but to see a way to improve. This is fantasy: you would have to be outstandingly stu-

pid not to see through this gimmick. The answer is for those of us who are unable to take criticism to never, ever ask for feedback. If you are doing something badly wrong, it is the duty of your superiors to let you know - whether you ask for the information or not. But if you are are bumbling along in a fair to middling kind of a way, better to keep your head down. Ignorance is hliss.

These have been thin weeks for husiness news; and the Wall Street Journal Europe has been feeling it as keenly as the rest of us. Last Tuesday it resorted to filling a chunk of pages ona and two with a description of Telatuhbies, the cult British TV series aimed at one- to four-year-

I would love to know what the average investment banker made of Dipsy. La-La, Tinky Winky and Po. The WSJ gave the subject its usual conscientious treatment, wheeling out an impressive number of quotes that filled the space nicely. Despite its blandness, the purpose of the piece was clear, the Brits are bon-

I have just thought of a way of making Teletubbles less perplexing to an American business audience: turn it into a management training course. Managers could dress up in the hot, heavy costumes, and lose their inhihitions by bumping each others tummies and doing the Teletnhhies dances. Untold insights into team behaviour would flow I have every

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#### Distance does not deter Canadian managers, says Della Bradshaw

# Express delivery

continent and a 4%hour time difference a difficult place when

t comes to logistics. However, this has not prevented the Richard Ivey School of Business at the University of Western Contains from devising an executive MBA course which is taught simultaneously across the

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5 ... Triang

two-year Video Executive MBA programme (Vemba) graduated this camera, used to send computer summer. The classes were taught in graphics or overhead projector London, Ontario, Ivey'a home town, but students participated as far one screen showing the lecturer and affield as Calgary, Edmonton and even Vancouver.

The time difference is overcome using videoconferencing technology. or 10 students on each site presses a Students study two full days in the button and the camera zooms in. "classroom" - Friday and Saturday every other week - on seven sites. In Toronto that means starting classes at 10sm and finishing at 7pm; students in Vancouver start classes at 7am and finish at 4pm.

The Ivey school is planning to strung out across a open an eighth campus in Mexico and possibly a further site in Califorma, says Paul Bishop, director of between its east and the executive MBA at Ivey. The west coasts, Canada is sophistication of the technology each site is connected by six ISDN lines, triple tha capacity of many systems - precludes further sites opening in more remote locations. Faculty members taaching from

the London, Ontario studio are faced with a bank of videoconferencing terminals, each one showing the stu-The first class of students from the dents assembled at the different locations. There is also a document images. At each student site there is second displaying tha

> To ask a question, one of the eight button and the camera zooms in. That picture is sent to the other sites and displayed as a smaller picture -"picture in picture" - on the screen. The students require no special

> training to use the equipment. But

their presentations to deal with the

the document camera. As a result the classes are more formal, but only slightly. "Aa a teacher I'm confident we can deliver a comparable educational experience to the course in Mississauga (the site of the more traditional executive MBA]," says Prof Bishop.

transmissions, says Prof Bishop. In

particular they have had to be better

organised, to make the best use of

To ensure students have real contact with each other they meet locally in their study groups every week, usually to discuss case studies for a future class. They spend two weekends a year in London, Ontario the academics have had to adjust with the whole class and an overseas

Ţ Montreal London Ontario

> study element often involves students working together on projects. The international project is a required part of the course and paid for out of the course fees - C\$52,000 (£23,450) in total for the two-year

The course participants have an average age of 37 and more than 10 years' work experience, so it is not surprising that some 80 per cent of them have their course fees paid by their employers. Since all the students work full-time while doing the course, the company has to recommend the student and commit to the time off needed. "You can't have people shot down from behind at work," concludes Prof Bisbop.

programme (1997 prices).

Jobs with a difference

## Pack up your MBA in an old kit bag

more mature clientele.

Today Australia counts for just 12 per cent of Lonely Planet's sales. As well as Austraha, the company has offices in San Fran-

proportion of the

books are translated

Mr Wheeler believes

that he still spends

five months of the

year travelling, often

with his teenage chil-

dren. This enables

him to road test the

guides be sells and

identify where the

His other main

tasks are to look

down the road and

pick up ideas - "I'm

still quite good at

that" - update and

spin-offs might be.

into French

cisco, where all the books for the US market

Back-packing does not rank among the Lonely Planet Publications, has moved into world's most important management skills. country-specific travel guides, intended for a Unless you are Tony Wheeler, that is. He has built up an A\$30m (£15m) business out of one of his favourite activities: travelling.

An engineer by profession, Mr Wheeler went to London Business School in the early 1970s and fully intended to return to engi- are produced, London and France, where a neering on completing

his MBA course. But before taking up his job at Ford, Mr Wheeler decided to take a year off with his wife and travel overland to Australia

He did not come back. Instead be settled in Australia, took out dual nationality and wrote his first travel guide. Across Asia on the Cheap. "an all the way London to Sydney sort of thing," as Mr Wheeler describes it.

The journey to Australia took seven months and writing the book a further six. "We started it all because that's what we wanted to do," says Mr

After that be wrote South-east Asia on a Shoestring, from which the popular series of

travel guides was born. More recently Mr Wheeler's company,

write some of the books and do the publicity for the company. While he is away be deems himself lucky

to have capable employees who can take care of the business. Several of them, he points out, have MBAs

of their own.

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#### BUSINESS TRAVEL

#### Travel Update · Roger Bray

Luggage move Errush Airways is curtailing sent sales to passengers needing to change aircraft at London Heathrow in an effort to ensure that fewer customers arrive at their final destinations only to find that their hags have failed to make connecting flights. The problem has been exacerbated this summer by a surge in transier traffic which has coincided with the installation of a new baygage system in the airport's short haul Terminal One. The airline

says connecting passengers

now represent 35-40 per cent of its total traffic at Heathrow, BA has not quantified the extent of the restrictions, which are expected to remain in place until the quieter, winter period begins in November. Even in the worst weeks, it claims, the number of bags delayed has been fewer than 1 per cent. Ent the airline needs to balance lost ticket revenue against the need to maintain service levels.

Helicopter link Manila's notorious traffic congestion has persoaded

the city's Peninsula hotel to start a helicopter link, either with Ninoy Aquino International Airport or its domestic counterpart. Aimed specifically at business customers, it takes between five and 10 minutes, against an average of 45 minutes by car, and costs US\$100 one way.

#### Air accidents

Better compensation is in prospect for the relatives of future air crash victims. EU airlines face new regulations which should make it easier for dependants to seek redress through the courts. Brussels has proposed two main changes in the present

Europe-wide ceiling of SDR100.000 on the amount carriers are obliged to pay without costly legal action. The other should help people making bigger claims. Previously those seeking to hreak through the ceiling, which was not the same for all countries, had to prove that the airline had acted recklessly. Now the carrier will have to show that it did everything possible to avoid the accident. The new rules are broadly similar to a voluntary scheme launched

recently by the International

Air Transport Association

and agreed by many of its

regime. One is a

#### Tanzania route

Emirates is to launch flights between its Dubai base and Dar es Salaam, ou 28 October 28. The airline will fly twice a week to the Tanzanian capital, on Tuesdays and Thursdays. using an Airbus 310-300 and offering first, business and economy classes. Its African management can provide a operation already includes computer if necessary. services to Nairobi and Johannesburg.

#### Laptop luxury Guests at London's Royal

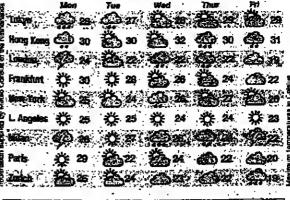
Garden Hotel will soon have access to the internet en route to and from the

airport From November, they will be able to use a new, stretched Daimler limousine with a plug in point for laptops. The recently refurbished Kensington hotel already offers internet access from its rooms for a flat fee of £12 a day. The intention is that customers should use their own laptops, but the

#### Air route

New daily services between Copenhagen and Geneva will be launched on October 26 under a code-sharing arrangement

Likely weather in the leading business centres



ON-TRAIN TICKETS

#### Roger Bray looks at the impact Hong Kong's new airport will have on the leisure industry

sweat-soaked from at Hong Kong's Island Shangri-La Hotel are likely to be offered dry. white T-shirts to brave the chilly air conditioning in as they return to their rooms.

It is one of those small. but unforgettable touches of quality service that have helped justify the former colony's hoteliers in charging some of Asia's highest

Steep prices, however, are becoming harder to charge. Since the transfer to Chinese rule at the end of June, the bottom oas falleo out of the an extra night in Hong Kong leisure market. It is difficult to tell whether husiness travel, for which high summer is a quiet time, will also be affected. But if boteliers are forced to discount tourist prices, there will also be downward pressure on corporate rates.

One company providing ground arrangements for meaning tour groups says it. handled only 5,330 visitors in July compared with 12,433 in the same month last year. In recent weeks, hotels have been running about 60 per cent full, against the normal

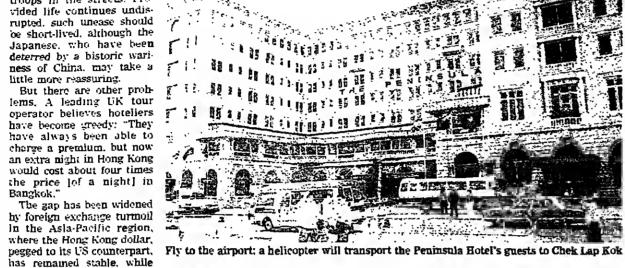
80 per cent to 85 per cent. The question facing Hong whether this is merely a blip

Up, up and away People's Liberation Army troops in the streets. Provided life continues undis-

Japanese, who have been deterred by a bistoric wariness of China, may take a little more reassuring. But there are other prohlems. A leading UK tour operator believes hoteliers have become greedy: "They have always been able to charge a premium, but now

The gap has been widened hy foreign exchange turmoil In the Asla-Pacific region, where the Hong Kong dollar, pegged to its US counterpart, has remained stahl**e**, whil**e** the Thai habt and other currencies, including those of Malaysia and Indonesia, have tumbled.

Even if leisure traffic recovers quickly, rates could he restrained by a huge increase in hotel capacity. At least three properties are being built in the vicinity of the new airport at Chek Lap Kong's travel industry is Kok, scheduled to open next April. And the Marco Polo a vacuum left by a rush to chain is developing a 330get there in the dramatic room, "five-star plus" hotel final weeks before the hand- on Kowloon's waterfrout. over - or a longer-term part of an enormous shop-



Douglas Barber, vice- Cathay Pacific, which will be

Hotels Association, describes this expansion as "an unprecedented development boom". Between 1996 and the end of the century the number of properties will have risen from 88 to 120 and the total number of rooms will bave increased by about 12.000 - or one-third.

Preparations for the airport, gaining coherent shape ou reclaimed land off Lantau Island, have not been without hiccups. Airlines face desertion prompted by, so ping and office complex sharp increases in landing Lap Kok should attract more far unjustified, fears of close to the Star Ferry pier, and other handling charges, passengers, including trans-

chairman of the Hong Kong the airport's principal user. believes opening demaods will be moderated. If not, it claims, the cost of turning round a Boeing 747 would jump from HK\$25,000 (\$2,000) at the existing airport, Kai Tak. to HK\$75,000. And while the airport is scheduled to open in April, its HK\$34hn rail link will not he ready until June. One recent report said accelerating It

could cost around HK\$35m a

month in additional wages.

The upside is that Chek

fer traffic. Kai Tak was designed to cope with 24m passengers, but last year it bandled 31.5m. It has been forced to turn down many requests for extra flights. There will be no night cur-

few at the airport and lifting pressure on slots will enable airlines to fly more frequently and could justify the operation of smaller aircraft on new routes where husiness does not support the use of wide bodies. With traffic in the Asia-Pacific region forecast to treble hetween 1995 and 2010, this should

ing hope, but also the convenience. Even though Kai Tak is so close to the leading hotels that guests can watch jets taking off from high windows, getting there through an often-congested harhour tunnel from Hong Kong island can be slow and frustrating.

It is not just space which

makes Chek Lap Kok a shin-

The Airport Authority claims that a newly built tunnel, road and bridge system will keep the average taxi ride to Chek Lap Kok down to 30 minutes. Trains will run every four minutes. taking 23 minutes from the island (18 minutes from Kowloon), and passengers will be able to disembark opposite their check-in desks. There will also be desks downtown. Catbay plans 51 at two stations.

The Peninsula Hotel hopes to offer an eight-minute belicopter link from the roof of its new tower. Guests will wait for their flights among aviation memorabilia in the top-floor China Clipper

With Kai Tak closed, advertisers should be free at last to use flashing signs at present considered a potentially bazardous nighttime distraction for pilots on tall buildings. Maybe Hong Kong's hoteliers sbould use them to blaze the message they are desperate for the world to bear - that, in spite of the handover, it is

## A precaution in your pocket

ling on huslness, why not hand your captor a false passport?

A company called Scope International is marketing camonflage identification for travellers who believe themselves valuerable to terrorist and other threats. Since it would be frandulent to issoe a dammy passport for a real country. Scope instead offers passports for recently extinct nationalitles. Examples include Burma, Rhodesia, British Honduras and New Grenada.

In theory, these can then be brandished at assailants looking for western husiness travellers rather than tourists from a small, harmless country. The passports have embossed covers, the holder's photograph, entry and exit stamps, an official seal and a security bologram.

For its fee of £249 (\$406), Scope also gives customers two corroborating forms of identification, such as a club membership card and a federal insprance card.

Scope claims that many government officials use camonflage passports when travelling and that during the Gulf war several petroleum engineers were able to leave Kuwait on passports it had sent them. However, the passports do assume a cer-

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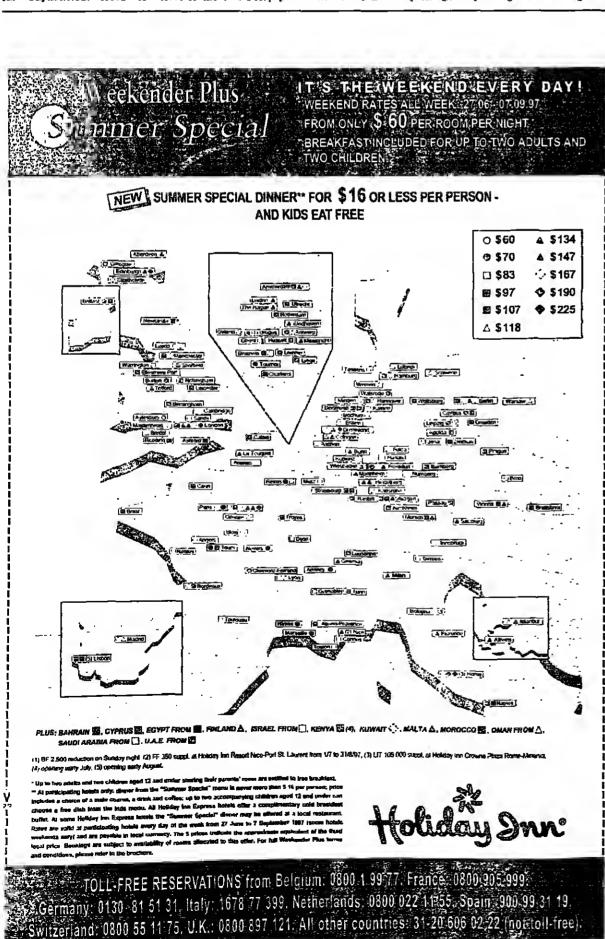


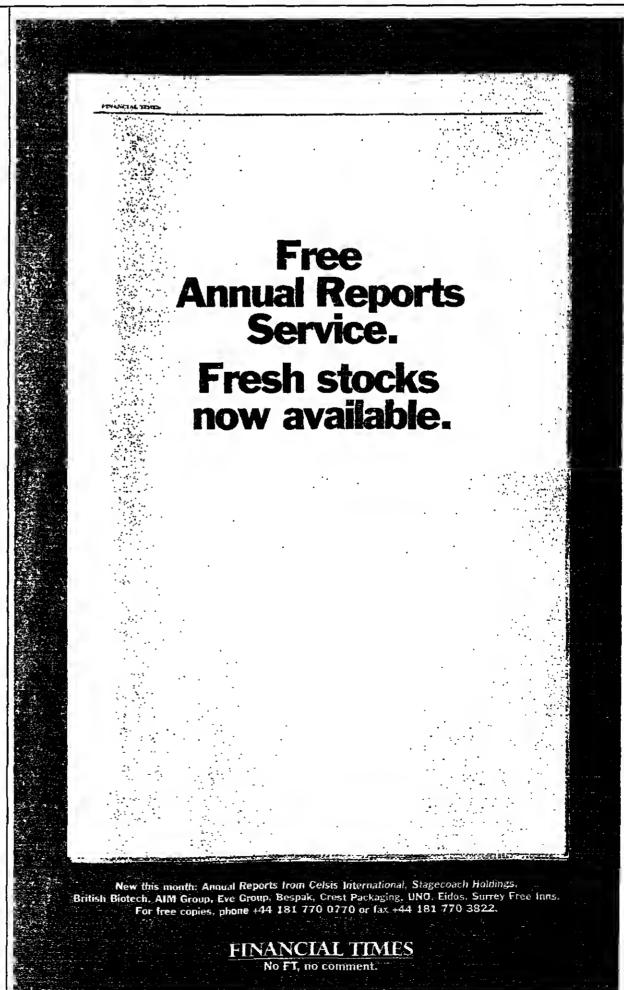
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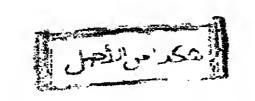
Richard Fenning, business development manager for travel security consultancy Control Risks Group, is sceptical for other reasons. "It is a high-risk strategy to pretend to your kidnapper yon are someone you are not," he says.

"Unless you are specially trained, the strain of sticking to a cover story will be too much to endure for most

Amon Cohen







UTRECHT The Holland Festival of Early Music opens on Sunday with Glovanni Bononcini's il trionfo di Camille (1696). Jos van Velchoven conducts a staging by

STUTTGART

Every second year, German conductor Helmuth Rilling and his Bach Academy present a two-week festivel of music, backed by lectures, es and open rehearsals. This year's programme, entitled Approaches to Romanticism opens on Sunday with a performance of Beethoven's sa Solemnis.

COLOGNE An unusual experiment in multilingual Shakespeare gets

underway at Halle Kalk on Sunday, when Karin Beler's new staging of The Tempest opens the 1997-8 Cologne theatre season. The cast is made up of 12 actors from eight Europe countries, all of whom will spe n their mother tongue. The British representative is Faith

BERLIN

The new season at the Deutsche Oper begins on Sunday with a revival of Gotz Friedrich's staging of Tristan und Isolde, conducted by the company's new music director, Christian Thielemann. The title roles are sung by René Kollo and Sabine Hass. The first new production will be a tribute to Kenneth MacMillan on September 6, featuring the Berlin premiere of his Mahler ballet Das Lied von der Erde.



Proms highlights this week include tonight's semi-staged erformance of the Glyndebox production of Le comte Ory, a The season at Shake Dankworth and Ellington night Globe continues this week with

with Cleo Laine on Friday and a concert by the Swedish Radio Symphony Orchestra brider Ess ka Salonan on Sunday.

Malcolm McKay

EDINBURGH T.S.Eliot's play The Cocktall F had its premiere at the 1949 Edinburgh Festival Now the actor-director Philip Franks stag htheta again. His Royal Lyceum Meatre Company production opens toolight at the King's

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Each year the Edinburgh

Feetival sees a Ufferent

production (Verd. Asscriptus

Shakespeare, Chekhov) by the



## One man and his band

As Sir Neville Marriner takes a back seat, Andrew Clark ponders the future of the Academy of St Martin in the Fields

f vou were to list the most successful partnerships in British music, Sir Neville Marriner and the Academy of St Martin in the Fields would surely be near the top. But for how much longer? In the public eve. the ASMF is so closely associated with Sir Neville that there are fears it may not survive his retirement, which he is expected to announce during his 75th birthday concerts in 1999.

The orchestra's future has become the subject of intense speculation among London's freelance musicians, many of whom depend on it for their livelihood. ASMF regulars are trying to devise a self-governing formula which would give them a voice in how it evolves and who is chosen as Marriner's successor now Sir Neville has made clear he wants to take a

Until recently, Marriner was tha Academy. He chose its members, decided repertoire, conducted recordings and acted as front-man. Now 73, he has begun to scale down his engagements, leaving the players with a choice - to disband, or organise their own future.

The Academy has come a long way since Marriner and a few like-minded friends organised their first concert nearly 40 years ago. The idea was to play a repertoire and achieve standards which London lacked in the 1950s. The Academy of St Martin in the Fields, named after the London church where it first played, quickly found itself in the vanguard of the haroque revival. Recordings on the L'Oiseau Lyre label established its reputation, and it began picking up lucrative toor contracts. The Academy attracted the best freelance players by paying a premium rate, and by the mid-1970s, it had one of the strongest corporate identities

in the musical world. Its success was based not just oo consistently high standards, but on Marriner's flair for spotting opportunities. He turned the Mozart bicentenary into a goldmine, recording most of the orchestral music as well as the soundtrack for Amadeus. He also had aspirations in the Romantic repertoire: it maintained the orchestra's commercial momentum, and it saved the players from endless repetitioo of Vivaldi's Four Seasons.

The question now is whether the ASMF can generate the same amount of work with another conductor. It already undertakes small-scale tours with its leader, Kenneth Sillito, and longstanding associate, Iona Brown. Neither would be able to fill Marriner's shoes, and most hig-name conductors prefer working with a full-time symphony orchestra. ASMF musicians recognise that once Sir Neville goes, it will have to revert to its role as a chamber orchestra.

That means finding a conductor who can rejuvenate its baroque and classical repertoire, where the Academy's polished but impersonal style has gone out of fashion. Nicholas McGegan, a period spe-cialist, was considered, but nothing has come of it. Tha Academy has now approached the planist Murray Perahia, whose un-pushy personality scores highly with the musicians - enough to make up for his inexperience as a conductor. They hope he can graft his Mozart and Beethoven onto the Academy, while branching out into the baroque and early Romantic repertoire. He has has been pencilled in for concerts in Switzerland and Greece next year.

issue simmers, the ASMF is consolidating its structure. In May it invited 50 players to accept formal membership. The move not only cements the link with its best musicians, but gives them a stake in its future. After next month's tour to Mexico, members will choose the ASMF's first democratically-elected board.

At present, the Academy is better known abroad than at home. where critics teod to dismiss it as a slick recording orchestra. This image is reinforced by Marriner's disdain for public funding. He has always shunned the Arts Council. arguing it would interfere with the Academy's artistic policy; and he accuses the BBC of refusing to pay for sufficient rehearsal time which explains why his two Prom concerts this week are on tour with the Leipzig Gewandhaus Orchestra, rather than with the Academy.

"The Academy does what it can afford to do," says its manager, Mrs George Brown. "We earn our



living from tours and recordings. Any surplus is ploughed back into UK concerts and education work." With the record market in decline, however, the ASMF is keen to reestablish its "public" base at home. To do so it needs sponsors, and it has recently signed a deal with Northern Telecom worth £180,000 over three years.

Thanks to Norcom the Academy has increased the number of selfpromoted London coocerts next season to six, and commissioned a cello concerto from Sally Beamish. And after eight years it is returning to the church after which it is named. The two had fallen out over the Academy's attempt to patent the St Martin's name. Moves to end the rift began last year wheo a new vicar arrived, coinciding with the ASMF's appointment of Brown, a St Martin's bell-ringer in her spare time. The recoociliation will be sealed by an Academy sextet coocert oo September 5 and a Christmas festival.

Meanwhile, the Academy is making the most of Marriner. This year

Germany, the US, Paris and Hong Kong. Philips is planning a Marriner retrospective for his 75th birthday, and Hänssler, an independent German label, has given him carte blanche. Unlike members of London's permanent orchestras who sneer at his technical limitations. ASMF musicians have nothing but respect for Sir Neville. "He knows how to identify problems, and he gets the best out of people in the nicest possible way", says one Academy regular. "You wouldn't class him as one of the great conductors - he's just part of a very effective artistic outfit which he created. He's more comfortable with his own orchestra because he has the confidence it will know

how to execute what he wants." Marriner, who began his career as a violinist in the London Symphony Orchestra, originally envisaged the Academy as an enlarged string quartet, in which everyone had equal input. He talks nostalgically shout its early tours, when the musicians played less for

Michelin guide was as important as the music. Today's "big band" of 75 players hardly allows such leisurely intimacy, and for that reason, Sir Neville believes it will do no harm to revert to a chamber ensemble. He lambasts the "timid" way in which authentic specialists tackle the classical repertoire, and says period instrument ensembles do not belong in the modern concert hall

And there lies the ASMF'a strength. Unlike London's other orchestras, it can be enlarged or reduced to serve whatever repertoire it is called upon to play, and no one plays who does not command the utmost respect of his or her colleagues. The Academy is a meritocracy. That is the secret of its longevity and the key to its

Marriner conducts the Leipzig Gewandhaus Orchestra at the Royal Albert Hall (Wednesday, Thursday), Birmingham (Friday) and Manchester (Saturday).

Pesaro

## Rossini lost to gimmicky productions

Italian resort of Pesaro announced a production of The Barber of Seville, fans of the festival were unusually curious and expectant. As a rule, it is the rarity of its offerings that attracts Pesaro audiences. But, as these productions are based on the critical editions of the acores, sponsored by the Fondazione Rossini, even as popular a work as the Barber could give the audience some surprises. The 1992 staging in the Teatro Rossini was a dud: humourless and gag-ridden. Revived for this ear's festival, after some tinkering by the designer, Giovanni Agostinucci, and the producer, Luigi Squar-zina, it is only slightly and flounder on the dirt. The Paris opera noto improved (the corpse has ously demanded stage-efbeen removed from Dr Bartolo's operating theatre), and librettists provided several: a Squarzina's staging has gone rainbow, a volcano, a plague from busy to frantic. Everyone on stage seemed to be shifting chairs or picking up articles of clothing dropped by colleagues.

Fortunately, the conduc-tor, Yves Abel, led a clean, fresh reading of the score and he had a generally excellent cast at his disposal; only the Barber himself, Roberto Frontali, was blustery and he made the opera "timely superficial. The delightful by dressing the Hebrews in Sonia Ganassi (something of a Pesaro discovery) created a superbly touching in the awkwardly, sacrificing final trio, and - although the ---- the music to his visual

last, long aria created difficulties for him - Paul Austin Kelly was a tender Almaviva. Patrizia Biccirè, another Pesaro find, made Berta'a trivial aria sparkle. But the main event of this year's festival was the staging of Moise et Pharaon in the vast Palazzo dello Sport. First given in Paris in 1827 (only two years before Ros-. sini's final opera, Guilloume Tell); this solemn work is an elaborate recasting of a Neapolitan opera-oratorio, Mosé in Egitto (1818). After its Paris success Moise was back-translated into Italian

and ousted its predecessor. Given at Pesaro a few years ago, the original Mose in Egitto impressed andiences and critics, kindling a debate about the relative merits of the two versions.

There is no simple answer.

n 1992, when the Rossini the shorter, Italian opera has Opera Festival in the its own vigour and richness. the slower, more stately Motse is undeniably affecting. Alas, Graham Vick's approach was wrong-headed, self-indulgent, and almost

viciously destructive.

To emphasise the vastness of the Palazzo, he had the stalla removed, so the orchestra was at floor level. the conductor facing an elliptical playing area dominated by a large platform which could rise and sink. The main floor was enclosed by a narrow trough with a few inches of water - a liquid runway. Below it, the floor was covered with dirt. So singers were made to wade in the water and roll

The Paris opera notorifects, and Rossini's French of darkness, a shattered idol, and, of course the crossing of the Red Sea. Contemptu ous of the libretto, Vick invented his own, far inferior effects (mummy-cases lowered on wires, a horning book instead of the burning and reflowering bush), constantly distracting from the splendid music. In addition, Warsaw-ghetto costumes.

Tick placed the singers silliness. Rarely were the two participants in a duet allowed to be near each other. Pharaon and his son sloshed at opposite sides of the orchestra. Often, the singers were the length of a foothall field from the conductor (Wladimir Jurowski, who drew impassioned, if not always in tune, playing from the Bologna orchestra). Michele Pertusi, the Moses, has sing often and well in the festival. His light bass voice, when he was allowed to approach the audience, aounded persuasive. At a distance, he was barely audible. His antagonist. Pharaon, was tha imposing, dignified Eldar Alley. In a humbler production this would have been a memorable evening.

William Weaver

# INTERNATIONAL

#### **BERLIN**

CONCERTS Konzerthaus Tel: 49-30-203090 Berlin Symphony Orchestra: conducted by Ellahu inbal in works by Korngold, Ligetl and Beethoven, with cello acloist Peter Bruns; Aug 28

**■ EDINBURGH** Edinburgh International Festival Tel: 44-131-473 2000

CONCERTS Bank of Scotland Fireworks Concert: Brad Cohen conducts the Scottish Chamber Orchestra in the traditional Festival finale. The programme includes Shostakovich'e Festival Overture. works by Handel and J Strauss. If you can't get a ticket, try the view from Calton Hill: Aug 28

DANCE

Nederlands Dans Theater III: Tears of Laughter, choreographed by Jiří Kylián. Sister company of Nederlands Dans Theater 1, formed for mature dencers.

Programme of five separate works; Edinburgh Playhouse; Aug 28

 The Cherry Orchard: by Anton Chekhov. After the auccess of last year's Uncle Vanya, Peter Stein returns to Edinburgh with Chekhov's most famous play, in a Salzburg Festival production seen there in 1995 and 1996. Jutta Lampe is Ranyevskaya. Performed in German with supertitles; Edinburgh Festival Theatre; Aug 28

Shakespeare. Directed by or Stéphane Braunschweig. Unlike The Winter's Tale, which was Braunschweig's French language contribution to the 1994 Festiva this production, staged by the Nottingham Playhouse, is in English; Royal Lyceum Theatre; to Aug 26

**LONDON** 

BBC Proms, Royal Albert Hail Tel: 44-171-589 8212 CONCERTS

 BBC Singers: conducted by Bo Holten in a programme which includes works by Brahms and Schoenberg; Aug 28

BBC Symphony Orchestra: conducted by Oliver Knussen in a programme which combines English and American folk songs and includes the European premiere of Elliott Carter'a Allegro scorrevole: Aug 26 Leipzig Gewandhaus Orchestra: conducted by Sir Neville Marriner in a programme which includes the UK premiere

of Hans Werner Henze's Second Sonata for Strings, Mendelssohn's Violin Concerto in E minor, with soloist Leila Josefowicz, and Schubert's Symphony No. 9;

 Leipzig Gewandhaus Orchestra: Alfred Brendel performs the Plano Concerto in A minor Schumann wrote for his wife. The programme includes works by Wagner and sohn and is conducted by Sir Neville Marriner: Aug 28

 Count Ory: by Rossini. Semi-staged performance given by the Glyndebourne Festival Opera, with the London Philharmonic Orchestra conducted by Andrew Davis; Aug 25

■ LUCERNE International Festival of Music

Tel: 41-41-210 3080 CONCERTS Adrienne Soós and Ivo Haag perform piano duets by Schubert; at the Union; Aug 26 András Schiff: recital of Schubert piano sonatas: at the Union; Aug 26, 28 Anne-Sophie Mutter performs works by Brahms, accompanied by Lambert Orkis; at the von Moos-Stahl-Halle; Aug 27 Royal Concertgebouw Orchestra: conducted by Riccardo Chailly in a programme of works by Strauss. With cello soloist Godfried Hoogeveen and viola soloist Ken Hakii; at the von Moos-Stahl-Halte; Aug 25

Royal Concertgebouw

Orchestra: conducted by Riccardo Chailly In works by Keuris, Rachmaninoff and Stravinsky with piano soloist Arcadi Volodos; at the von Moos-Stahl-Halle;

Aug 26 ● Tenor Peter Schreier performs works by Schubert, accompanied by András Schiff; at the Union; Aug 25

OPERA Jakob Lenz (1977/78): by W. Rihm. Performed by tha Opernensemble und Chor des Luzemer Theaters and the Luzemer Sinfonieorchester AML. Conducted by Peter Kuhn in a staging by Reto Nickler; at the Luzemer Theater, Aug 26, 28

NEW YORK EXHIBITIONS Museum of Modern Art Tel: 1-212-708 9480 Objects of Desire: The Modern Still Life – beginning with Cézame, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of

■ SALZBURG Salzburg Festival Tel: 43-662-844501 CONCERTS Arditti Quartet: in a programme including works by Pintscher; at the Mozarteum; Aug 27

objects; to Aug 26

 Boris Godunov: by Mossorgski. Conducted by Valerie Gergiev in a staging by Herbert Wernicke. Samuel Ramey sings the title role. Cast also includes Philip Langridge. With the Vienna Philharmonic, the Konzertvereinigung Wiener Staatsopernchor and the Stowakischer Philharmonischer Chor Bratislava: at the Grosses spielhaus; Aug 25

 Die Entführung aus dem Serail: by Mozart, New production. Conducted by Mark Minkowski and directed by François Abou Salem with designs by Francine Gaspar. With the Mozart Orchestra Salzburg and the Konzertvereinigung Wiener Staatsopernchor, at the Residenzhof; Aug 25, 28

■ Die Zauberflöte: by Mozart. Christoph von Dohnanyi conducts

a new production by Achim reyer. With the Vienna Philharmonic and the Konzertvereinlgung Wiener Staatsopernchor; at the Felsenreitscule; Aug 26, 28
La Clemenza di Tito: by Mozart, Conducted by Gustav Kuhn, directed by Ursel and Karl-Ernst Herrmann and designed by Karl-Ernst Herrmann. With the Camerata Academica

Salzburg and the Konzertvereinigung Weiner Staatsopernchor, at the Kleines Festspielhaus; Aug 27 THEATRE Jedermann: by Hugo von.

Hofmannsthal. Revival of Gernot Friedel's production; at the Domplatz; Aug 26 Othello: by Shakespeare, New

production by London's Royal National Theatre, directed by Sam Mendes. Cast includes Claire Skinner and Simon Russell Beale at the Perner-Insel; Aug 25

■ TANGLEWOOD CONCERTS

Tanglewood Festival Tel: 1-617-931 2000 The Handel & Haydn Society: conducted by Stanley Ritchie in a programme which includes Vivaldi'a Four Seasons, With mezzo-soprano Lorraine Hunt, Ozawa Hall: Aug 27

■ VERONA Arens di Verona Tel: 39-45-800 5151 CONCERTS Verdi'a Requiem Mass: Zubin Mehta conducts the Philharmonic Orchestra of Israel and the Choir of the Verona Arena, With soprano Daniela Dessi. mezzosoprano Marjana Lipovsel tenor Vincenzo La Scola and bass Ruggero Ralmondi; Aug 25

 Aida: by Verdi. Conducted by Nello Santi (Roberto Tolornelli on Aug 28, 31), in a staging by Gienfranco de Bosio, revived by Susy Attendolf; Aug 28 Macbeth: by Verdi. New production designed by Pier Luigi Pizzi, with choreography by Gheorghe lancu. Conducted by John Neschling; Aug 26.

Rigoletto: by Verdi. Conducted by Nello Santi (Roberto Tollomelli on Aug 27 & 30), in a revival of Lotti Mansouri's staging

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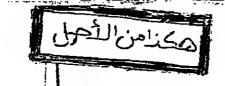
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17.30 Financial Times Business Tonlaht CNBC:

08.30 Squawk Box 10.00 European Money Wheel

18.00 Financial Times Business Tonight .



OPERA

By combining forces. IBCA and Fitcb - at present little known outside their core markets - would mount a challenge to the two giants of the lucrative ratings business, Standard & Poor's and Moody's Investors Services.

Described by many as an international duopoly, the "big two" are the only agencies with a genuinely global reach in an industry that is vital to the borrowing ambitions of governments and companies around the world. Holding a rating from S&P or Moody's is often a prerequisite for a borrower to come to the market - and the quality of the rating determines the cost at which a government or company can borrow.

The prospect of an IBCA-Fitch merger has therefore been welcomed by those who believe the ratings business needs a competitive shake-up and who are concerned by the powerful role of S&P and Moody's as arbiters of global creditworthi-

"It cannot be healthy to bave such an important global industry dominated by just two players," says Karl Bergqwist, head of credit research at HSBC Markets in London. "No one would question the professionalism of Moody's or S&P. hut a dose of competition would be most welcome."

Although neither Moody's. which is owoed by Dun & Bradstreet, nor S&P, which is part of the McGraw Hill group, publishes financial least four times as high than \_those of their nearest competitors. Moody's, with revenues in excess of \$200m, dwarf the two merger candidates, which have combined revenues of just over \$100m.

More importantly, analysts estimate that operating approval. profit margins at the "big two" may be in excess of 50 per cent. "The big two are earning monopoly profits." says one credit analyst in other securities is too great.

Split in the ratings

Edward Luce on a possible challenge to the Standard & Poor's and Moody's agencies



New York, "They are basically in such a powerful position they can command the sort of fees other agencies can only dream of.

More than 90 per cent of revenues earned at the "big two" are derived from fees they charge to companies governments in exchange for a credit rating. This income is supplemented by "surveillance fees" for providing an annual review of the credit rating.

In addition to straightforward company or sovereign ratings, the ageucies rate a large proportion of bonds and other types of debt issued on the international results, their annual reve- markets. More than 75 per nues are estimated to be at cent of all eurobonds, for example, are rated by the two agencies.

Borrowers who fail to seek nues of more than \$300m last a credit rating are often year, and S&P, with reve- awarded "unsolicited" ratlngs by the agencies. In many cases, bowever, an unrated borrower is simply unable to come to the market without that seal of

> Bankers and investors in Europe worry that the power of the "blg two" to affect the performance of bouds and

> > 0 0

The effect on governments in emerging markets is often even more significant "Ratings affect bond pric-

ing and also - in the extreme - the availability of future finance," saya a report by the NatWest Group on the role of ratings agencies. "Governments with large deficits cannot afford a collapse in their bond prices and the consequent increase in their interest rate bur-

Officials at IBCA, which is owned by Fimalac, the French bolding company, complain that the "hig two" also have an unfair competitive advantage in the US market. Under rules drawn up by the Securities and Exchange Commission, publicly regulated companies can only invest in securitles which are rated by "nationally recognised" rating agen-

In spite of years of lobbying. IBCA is only recognised as a qualified agency for bank ratings - even though it has rated almost 50 countries. By contrast Fitch, which is a specialist rater of structured and asset-backed bonds and has awarded just one sovereign rating (China). danger.

is a "nationally recognised"

Since a large proportion of international capital flows go through New York, this rule effectively prevents unrecognised agencies from establishing a global pres-

Known also as the "gatekeepers" of the international capital markets, the "hig two" have also been criticised for adding little value to what the markets already know and at times awarding strikingly divergent ratings.

In their defence, the "big two" say they are only required to be consistent against their internal rating scales rather than against each other. Second, the two are in the fortunate position of being able to provide globally comparable ratings across all sectors.

"When we rate a Korean automobile company, we hring in automobile specialists from the US and Europe," says an official at S&P. "This gives us the kind of rating comparability no one else can call upon. Paul McCarthy, chief exec-

utive officer at Duff & Phelps, the fourth-largest rating agency in the US. agrees that agencies add less value in the sovereign market than elsewhere. Where agencies come into their own, savs Mr McCarthy, is on structured and specialist deals including securitised bouds, municipal finance and insurance ratings.

These are phenomenally complex markets," says Mr McCartby. "You cannot expect investors or fund managers to bave the resources or expertise to rate these securities on their

Analysts at the "hig two" point out that it requires years of investment and reputation building to be in the position to give credible ratings to the more complex types of securities on a global scale. Investment bankers agree.

"What IBCA and Fitch would ideally need is a backer with a deep pocket who is prepared to take losses for years," says Mr Bergqwist, "What we don't want to see happening is a situation where the agencies get into a rating competition war to win business. Rating inflation is always

#### ·LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SEI 9HL

We are keen to encourage letters from readers around the world. Letters may be fixed to +44 171-873 5938 (please set fax. to fine), e-mail: letters.editor@ft.com Published letters are also evailable on the F1 web site, http://www.F1.com Translation may be available for letters written in the main international languages.

#### Great Mercedes ad, shame about the dealers

From Mr Howard de Souza. Sir. Stefano Hatfield's plaudits for Mercedes' current ad campaign ("A model of its kind", Ad in the News, August 18) were as welcome to me as a plece of screeching chalk on a blackboard.

Yes. Mercedes' ad Icoks great, and the soundtrack breathtakingly brilliant in lts simplicity. But Mercedes, like every other car manufacturer, seems unable to understand the schism between its hrand promise (the perception of the brand) and the delivery of that

of affiliates called dealers (the reality of the hrand). I recently test-drove a Mer-

cedes, liked it and wanted to huy one. But, when the dealer realised that I was not willing to (a) load a basic carcass with lots of extras and (b) accept a finance proposal as a fait accompli, they did not bother to call me back to advise me whether they could better it, or whether they couldn't.

Second, Mercedes and a number of (German) brands seem to have learned noth-

promise by a loose network ing from history. Have they forgotten the arrogance of the British car industry

when faced by the challenge of Japanese manufacturers? Do they not recall that the Datsun Cherry offered such creature comforts as a radio and carpets, whereas everything was extra on British cars at the time? The British manufacturers

thought they could dictate. not respond to, customer demands and fuelled their own demise. Could the same fate befall the mighty Mercedes?

pecision to for Mr Kc If Mercedes want to attract new customers like me with their "C" series, and if they want me to graduate

through their models, they will have to try much harder than they are doing at present. Until reality and perception meet, I am afraid the brand promise is no more to me than a multi-million two-dimensional illusion.

Howard de Souza. The Gables High Street, Barkway. Hertfordshire SG8 8EB, UK

## Risk of relying on headline figures

has risen by only 20 per

were excluded from the

similarly have risen by

the 32 per cent rise it has

experienced over the same

These increases are still

higher than the rise in the

From Mr Nicholas Allen Sir, In his article "Stock market splits" (16/17 August), John Plender seeks to correlate UK companies' stock market performance with their size, and concludes that over the last 18 months smaller companies have significantly underperformed the market, while arger companies have per-

In doing so, however, be ignores one of the most significant anomalies of the market indices, the FT-SE 100 and the FT-SE All-Share

formed far better.

current market: the substantial rise in the share prices of financial companies and the consequent effect on two of the most commonly used

per cent, but clearly the difference is significantly less. These figures illustrate the extent to which one sector can influence stock market indices. With the exception

Since January 1996, the FT-SE All-Share index has that the recent rise in UK share prices has been the risen by about 28 per cent while, in contrast, the FT-SE Total Non-Financial index re-rating of companies future earning potential. cent. If financial companies FT-SE 100, this index would improved financial results, together with a benign macabout 7-8 per cent less than roeconomic environment.

Moreover, as the above fignot been as great as has commonly been portrayed. As ever, investors who FT-SE SmallCap Index of 14 base their investment deci-

Nicholas Allan, Primrose Hill. of the financial sector, there

is little evidence to suggest result of a wholesale upward Rather, the rises have been a consequence of the release of

ures illustrate, the rise has sions on headline figures do so at their own risk.

36 Chalcot Road. London NW1 8LP, UK

#### **Justifying** upstream oil investment

from Prof Paul Stevens. Sir. The article by Robert Corzine "From minor to major" (August 191 rather misses the point concerning limited upstream investment by national oil companies outside their own territory. Surely a more logical explanation for the limited interest be correctly notes is that it makes no commercial sense for one government to invest its resources in the creation of a "cash cow" for another government to milk. Only in two situations

could such external unstream investment be ius tified: if the prospects of discovering further oil reserves in home territory are very poor, or if it is expected that such investment might facilitate technology transfer. The former applies in some countries but certainly not in most members of the Organisation of Petroleum Exporting Countries (if in any). The latter is debatable as there are cheaper ways to come to grips with such technology.

Paul Stevens, professor of petroleum policy and economics. University of Dundee. Dandee DDI 4HN, UK

#### Wanted: a better buzz word than 'Wasp'

from Mr Seluryn Hodson

Sir. The term "Wasp" is clearly a misnomer ("The Wasp takes flight", August 16/17). We should remember the Wasp's British ancestors were not the primary source of emigration to the US in the 18th and 19th centuries. As well as the many Irish, there were German Protestants and Catholics, who hy the 1820s were emigrating in droves. This mass exodus reached a peak in 1882, when 250,000 Germans a year were emigrating to the US. against a British figure of only 103,000.

more easily, many German and Irish anglicised their names or understated their Catholicism. Wasps, in fact, were not

To assimilate and advance

just Protestant Anglo-Saxons, but came to include

German and Irish Protes tants and Catholics as well. While the term "Wasgipacs" will clearly

never gain currency, there must be a better word than Wasp - preferably a huzz word without a pejorative sting in its tail. Selwyn Hodson Pressinger,

17 Place de Reignaux, 59800 Lille,

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hardwood trees are more valuable to loggers than other trees in the

High prices for hardwoods ensure that loggers have no qualms about destroying So a WWF project in Cours Rica is And how to remove it without buildozing

a path through the surrounding trees. If the rainforests are used wisely, they can be used forever. Help WWF prove this in rainforests around the world, by

WWF World Wide Fund For Nature

(formerly World Wildlife Fund)

Technology · Andrew Baxter

### Reaching new depths now heing marketed to rida and the Bahamas. Spectacle, which is claimed

Sophisticated innovations are aimed at recreationai divers

or scuha divers. meeting a shark can be a shocking expe-But the Shark Pod, a South African-developed gadget launched last year, puts the hoot on the other foot.

Scientists have known for years that sharks are extremely sensitive, via pores in their shouts, to even trivial electrical impulses. They can detect electrical fields equivalent to a single small torch battery, according to Florida-based Shark Pod USA, which markets the protective device in the US, Caribbean and Mexico.

It took years of develop-ment and testing to produce a low-voltage electrical transmitter, powered by a rechargeable six-volt battery, that keeps sharks at least 3.5m-6m from the diver with a current about onequarter the strength of an electrified cattle prod.

The device, which costs about \$700, is harmless to man, fish and shark, but only the sharks find the tiny current intolerable.

"It's attracting new divers, who previously would not try the sport because of fear." says Bryan Mitchell. director of Shark Pod USA. Adapting the technology for use on ltfe-jackets or surfboards is being investigated,

The Shark Pod is an example of the wide range of recent technology innovations aimed at scuba divers. The fast pace of change partly reflects rising living

standards. "With increased spending, people are putting more into diving and other watersports," says Judith Revill, marketing manager at Ocean Leisure, the big UK water-

sports retailer. As a result, technologies that were once the preserve of military or commercial divers are being developed for recreational purposes. An example is an underwater "scooter" or transit vehicle produced by the US company Farallon Systems. This is popular with navies but is

scuba divers at about \$4,900. although in the UK people to be the first with an inte-Another example is the are less willing to spend the grated "heads-up display". development of rehreathers money," says Mr Thomas. for scuha divers. These closed" hreathing systems tions technology have also

have been used for decades in military and commercial fields and recycle exhaled oxygen. One of their main purposes was stealth, as they enable divers to approach enemy shipping without giving off hubbles.

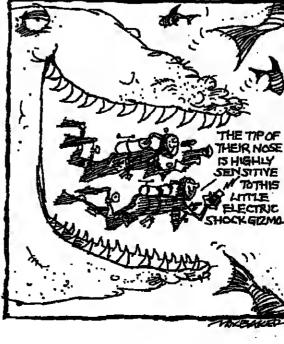
Scuba divers have traditionally used open systems in which the oxygen is exhaled and lost. Rebreathers, introduced over the past two years, roughly treble the amount of diving time and allow divers to get much closer to shy ocean creatures without disturbing them. The systems costs about \$4,000 for scuba divers compared with \$19.500-\$21,200 for commercial systems, says Michael Thomas, diving

technician at the UK subsid-

iary of Uwatec. This Swiss instrumentation company developed its

Atlantis 1 rebreather for scuba divers with Drager of Germany, which is credited with inventing rebreathers in the 1930s. It is a semiclosed system in which the exhaled oxygen is recycled, and the carbon dioxide is scrubbed from the exhaled gas with a form of soda lime fin a microcosm of the scrubbing systems used in power stations). "They have sold

Cochran is also developing very well in places like Flo- a dive mask, code-named



This will show mission dive Broader developments in information at the bottom of Suunto and Citizen Watch contributed to the recent of Japan are among compa-

the data for up to 30 consec-

dive computers or watches.

data can be downloaded to a

PC when the diver has

returned to the surface, and

converted into graphic dis-

IT, several other recent inno-

vations combine clever use

of design and materials. The

Force Fin, made by a Califor-

nian company of the same

name and introduced in the

early 1990s, is aimed at

swimmers as well as scuba

divers, fts curved, flexible

V-shape mimics the design

of a dolphin's tail. The fins,

made of a modern polyure-

thane-type plastic, work hy

"storing" some of the energy

from the power stroke and rebounding to make the

recovery stroke easier,

increasing efficiency by 40-60

Beyond developments in

slew of new products for nies producing diving watches which incorporate scuba divers. "If you were a diver who many features of the dive hung up your fins' five computers. Suunto'a Spyder watch blinks a "slow" warnyears ago, you would not recognise [the product ing and beens if the ascent is rangel today," says Brian too fast. Citizen's recently Bickell, sports sales manager launched Hyper Aqualand at UWI Circle, a Scottishwatch starts recording hased diving equipment detailed information as soon manufacturer and distribuas the dive begins and stores

For 20 years it was stagnant, but over the past five years development has been incredible."

Dive computers with large, easy-to-read liquid crystal displays (LCDs), worn mostly on the wrist, have benefited both from the development of digital technologies and of life support

systems for astronauts. Computers from companles such as US-based Cochran Undersea Technology and Finland's Suunto carry an increasingly wide range of user-programmable features for controlling the gas mix and other variables. Intelligent features include computer modelling tachniques to monitor aacent rates and help prevent decompression problems.

> per cent compared with the best conventional counter-Regulators, the link between the diver and the air cylinder, are also changlaunched this year, replaces tha conventional highpressure valve that controls the air flow in the first stage of the regulator with a ruby. This sits like an egg in an eggcup-shaped orifice made of high-quality polymer, offering much increased wear resistance. The Scubapro G500 - pro-

duced in Italy like the Mares - has a number of innova tions including a patented system that "tunes itself" to the diver on each breath. This helps reduce the strain of pushing down on the spring in the regulator's second stage - the part that fits in the mouth - and allows the diver to breathe more

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Monday August 25 1997

## Decision time for Mr Kohl

from holiday today to confront a worsening mess inside his gov-errment. Ministers, humiliated by the collapse of plans for tax bave trouble defining its raison reform, have been aquabhling about a possible cabinet resimffia. Now the finance minister. Theo Waigel, has made the matter more urgent by publicly proclaiming weariness after more than eight years in the job.

the deal

1. 4. 

Justifying?

препеда

investmen

Mr Kohl needs to get a grip, and fast, if he is to stand a chance of leading a united and purposeful government for the remainder of its term. If he fails, he could well be defeated in the election due in September 1998.

Mr Waigel's intervention on television last week was extraordinary. While he spoke of leaving his job only after the election, his remarks destabilised the government. They also left Mr Waigel, leader of tha CSU one of the coalition's three finance and economics departparties, looking like a lame

This would he argument enough for a reshuffle in the next few weeks. Mr Waigel has in any case outserved his usefulness. He badly mishandled FDP would need to be compenthe unnecessary dispute with the Bundesbank over revaluing its gold reserves. He shares responsibility for the abortive tax reform, and for the government's general failure to revitalise the economy. With difficult and negotiable. The greater dandecisions looming - not least over European monetary union

There are other reasons for try, headed by Gunter Rexrodt of tha liberal FDP, seems to detre. Several other ministers are tired and lacklustre. And Mr Kohl has been atruggling to assert his authority in the face of a narrow Bundestag majority. an upper house controlled by tha opposition, and two quarrel-

soma coalition partners. What be needs is a dramatic gesture that would enable him simultaneously to reimpose his personal stamp on the government, and the aquabbling between tha coalition parties and taka control of the economic and fiscal agenda. Hence the weekend apeculation of a reshuffle in which Mr Kohl's heir apparent, Wolfgang Schäuble, would take charge of a new super-ministry created from the ments. Though a government spokesman denied such a move was in prospect, it would certainly fit the political bill.

There would also be disadvan tages. Both the CSU and the sated for the loss of cherished ministries. Other ministers with nowerful constituencies might have to be removed. Fractiousness would undoubtedly ensue.

But these risks are calculable ger for Mr Kohl may be doing nothing and thus rendering his Bonn needs strong economic government impotent.

between Iraq and Syria, two historical Arab foes, is a reminder of the perverse effects - and - of the breakdown in the Middle East peace process. Assad of Syria, who-bas been reformist president working to strengthen Arab . The US is watchin in return for peace. Mr Assad is also concerned by the alliance threat to Syria's security.

delegation eager to win a slice peace and normal relations. of Iraq'a \$2bn oil-for-food deal permitted by United Nations lowed by the opening of borders through a long-closed pipeline to the Syrian port of Tartous.

Mr Assad's moves to counter Israel's hardline policies have not stopped at Iraq. He has kept up the pressure on Israel through Lehanon's Hizbollah movement, which is fighting to drive Israel out of its occupation zone in south Lebanon.

He has also played an important part in the recent improvement in relations between Iran, Syria's strategic friend, and Damascus on her itinerary and Saudi Arabia, a key US ally. In give Mr Assad a hearing.

The warming of ralations this effort Mr Assad has been belped by two important factors. The first is rising domestic pressure on Saudi Arabia's King Fahd to distance himself from US policies. The second is the It represents a tactical man surprise May election in Tehran ocuvre by President Hafez al of Mohammed Khatami, a

.The US is watching the shift ranks against Israel's refusal to ing sands in the Middle East hand back conquered Arab land with increasing concern. Mr Assad was an important partner in the allied coalition during the developing between Israel and Gulf war. Today, his moves are serving to highlight the limita tions of the US vision of the The first signs of a thaw with Middle East, in which Iran and Iraq came in May with the visit Iraq are isolated while Israel to Baghdad of a Syrian business and its Arab neighbours seek

New US commitments to breathe life into the deadlocked sanctions. The visit was fol- Palestinian-Israeli peace talks, as proclaimed by Madeleine for husiness travellers. Last Albright secretary of state, ear week, reports emerged of talks lier this month, are essential aimed at pumping Iraqi oll And Syria has welcomed them as a step in the right direction But closer US attention will also have to be paid to the Syrian-

Israeli peace front. Mr Assad's price for peace is the return of the Golan Heights captured by Israel in the 1967 war - a move Benjamin Netan yahu, Israel's prima minister. has so far ruled out. When Mrs

"The valley appears too Albright makes her promised trip to the region next month would be wise to include saya Tom Lieser, author of a

## The valley's magic formula

**COMMENT & ANALYSIS** 

Silicon Valley's success depends on its risk-taking culture and not on its more recent flaunting of wealth, says **Louise Kehoe** 

ilicon Valley is hum-ming. After four con-secutive years of strong ornia's high technology heartland, is setting records for the creation of new businesses, jobs and wealth.

The success of Silicon Valley a 50-mile stretch of land bounded by the Pacific Ocean and San Francisco Bay - prompts the question: how long can this go

Some industry leaders see no end to it. They claim the valley has entared a golden age in which the businesa cycle has been all but abolished.

Others are not so sure. Can such a torrid rate of growth be physically sustained? Could the valley's magic formula be under mined by aocial changes?

For now, optimism reigns. Silicon Valley is home to an estimated 7,000 high-tech companies, with a dozen or so new ventures being created each week. Venture capital funds are pouring in at an unprecedented rate. New companies in the valley attracted more than \$1bn in venture capital investments in the second quarter of this year - an all-time record, up 34 per cent from the same period last year, according to Price Waterhouse, the consulting and accountancy group.

Start-ups and other fastgrowing companies helped to create 125,000 new high-paying jobs over the past four years, including over 50,000 last year.

With unemployment at a mere 3.1 per cent and exports rising at about 30 per cent a year, the valley is being hailed as the zenith of US capitalism and the model of entrepreneurial industry. Wall Street is caught up in the euphoria. The market value of quoted Silicon Valley companies totals nearly \$450bn

Silicon Valley is emblazoned on the covers of US husiness magazines. BusinessWeek declares the valley to be an "economic miracle" and the "quintessence of the Amarican dream". In a recent survey of residents, 76 per cent are convinced that the good times will continue. This is the highest "feelgood factor" since numbers were first collected in

The internet is driving this new wave of growth in Silicon Valley. Software, rather than the valley's traditional semiconductor and computer hardware businesses, is growing fastest. This bas led some economists to declare that the region is no longer dependent upon capital spending cycles, and is thus impervious to general economic

Yet among high-tech industry veterans, memories of the boom and bust cycles of the 1970s and 1980s linger.

Today, "there is a whole generation of people in the valley who have only ever seen the good times," notes Bob Wayman, chief financial officer of Hewlett-Packard, one of the valley's biggest employers. Economists from the Univer-

sity of California, Los Angeles, issued a warning in June that Silicon Valley was bursting at the seams.

crowded, too high-priced and too hemmed in by restrictions (on huilding development) for these growth rates to long endure,"



UCLA study of the California

ornia do not need statistics to advanced degrees than in any prove the point. House prices are skyrocketing. Average prices were up 18.5 per cent last year. In Atherton, a favourite location for high-tech executives, 80 per cent of homes sold last year went for over \$1m. The city boasts an average household income of \$288,000.

Other Bay Area cities that were once considered suburbs of San Francisco are now engulfed in the high-tech phenomenon. Traffic jams on highways to and in Silicon Valley speak volumes about the tens of thousands of new jobs created over the past few years.

Local politicians fear Silicon Valley will become a victim of its own success, as high prices and overcrowding force companies ont. It would not be the first time. Waves of outward migration from the valley during previous "boom times" helped to create centres of high-tech industry in Austin, Texas: Pheonix, Arizona, and other parts of the US. Another problem that threatens future growth is an acute

shortage of engineers and software developers. Growing companies in the valley must now struggle to find qualified people. Universities that serve Silicon able toll on family life. Yet there who labour for them will destroy

Stanford - produce more engi-Residents of northern Calif- neering graduates with more other part of the US, but it is not

> Yet Silicon Valley has long been a magnet to "techies" from all over the world and the US shortage will surely be filled by immigrants, so long as the US kind of restrictions debated by Congress last year. These could have cut immigration by 40 per wake-up call to valley executives, some of wbom have become active campaigners on the immigration issue.

enough

"Immigrants belped to build Silicon Valley," says T.J. Rodgers, chief executive of Cypress Semiconductor, a valley chipmaker. Immigrants working in research and development at Cypress help to "create jobs for native-born Americans and make Silicon Valley, and the US econ-

omy, stronger," he says. Silicon Valley may welcome immigrants and be largely free of ethnic or racial prejudice, but it is no social paradise. Intense competitiveness, especially among start-up companies, leads to a gruelling achedule. The 80hour working week is not unusual and it takes its predict-

Valley - including Berkeley and are few complaints among those intent on building the next Yahoo! or Netscape What motivates this dedica-

tion? The answer is twofold: status and money. Status among high-tech peers is achieved by creating and marketing innovative technology, by "making a difference". This, in turn, is measured largely by wealth. "Money government does not adopt the is the way we keep count," those from the valley will say. The conspicuous wealth of a

significant segment of the valcent. That debate served as a ley's population is one of the biggest changes to occur over the past few years. Among the early generations of

high-tech entrepreneurs, only a few made a lot of money and most were careful not to flaunt their wealth. Mr Jerry Sanders, founder of Advanced Micro Devices, used to cause a stir in the 1980s by driving a Rolls Royce. Now there are millionaires aplenty. More than 20,000 were created just last year, according to BusinessWeek. They are far more ostentatious than their predecessors. The measure of wealth has become "whether my kid's airplane is bigger than your kid's airplane", quips one industry analyst.

The danger is that the increasingly visible gap between those who have "made it" and those

the egalitarianism that has been a hallmark of the Silicon Valley

For most high-tech workers, stock options represent the fast track to financial security. Rapidly rising high-tech stock prices have made these options especially lucrative over the past few years and have done much to cre ate the valley's optimism.

A reversal of Wall Street's bull market could, bowever, wipe out many of these paper gains. Top industry executives are con-cerned about the effect this might have on employee morale and productivity. Microsoft warned financial analysts last month that a prolonged slump in the stock market could force it to pay much higher salaries to compensate for the lack of stock option honuses. California hightech salaries are rising at five times the national average.

This could be the valley'a Achilles heel. Without the promise of atock option pay-offs, there may be little incentive to give up a relatively accure job to join a

start-up.
Small wonder the valley is becoming a media-sensitive society in which it sometimes seems getting the chief executive's face on the cover of a magazine is just as important as shipping new products. So long as the positive images prevail, there is hope that investors will not lose faith.

Steve Jobs, of Apple Computer is the perfect example. While Apple is struggling to survive, Mr Jobs made it to the cover of Time magazine this month, spurring a rise in Apple's share price,

owever, Apple's decline may also signal the biggest threat to Silicon Valley. Just as Apple was blind to the rise of competing technologies such as Microsoft Windows, the valley is now largely ignoring the poten-tial of technology imports. The "smart card" - a credit-card sized data storage device - is already used in Europe with cellular telephones and could become an Important link in the convergence of computers and communications, but it has only recently been noticed in Silicon Valley. East-coast companies are often

dismissed as bureaucratic and European competitors as entangled by social regulations. Japan, many in the valley say, is no longer a serious competitor because of its domestic economic problems, while the high-tech manufacturers of South Korea Taiwan and other countries still have much to learn about marketing and distribution.

Such hubris may be a bad omen. But Silicon Valley has hidden strengths. One of its least recognised qualities is a high tolerance of failure. This encourages each new generation of entrepreneurs to risk everything for the chance to hit the jackpot. Perhaps only one in 10 will be successful, hut the rest will be credited with having tried.

So long as this risk-taking culture survives. Silicon Valley will keep its edge. Noboby expects the economy of the region to fall off a cliff tomorrow, but the exuberance has an unhealthy taint of over-confidence. The valley sbould take to beart the mantra of one of its leading executives, Andy Grove of Intel, who warns: "Only the paranoid survive."

## Tartan taxes

It is a truth almost self-evident And giving the parliament about modern democracy that power to tax could encourage a electorates dislike voting for tax high turnout at elections - most increases. Both main British important if it is not to fall in to political parties accept this; so it. the hands of the corrupt cliques may be wondered why the Scots should take a different view.

True, the tax-varying powers envisaged for a Scottish parliament could, in theory, result in lower tax levela north of tha border. But those voting in the referendum on this issue next month would be unwise to bank men. They argue that higher on it, for two reasons.

would be under strong pressure to spend more on services under its control, particularly health impost through business rates and education. Secondly, a decision to lower taxes in Scotland would cause English taxpayers to look critically at the £14hn block grant to Scotland. Even now, it can be argued that this sum is excessive in relation to population and income distribution. Tha argument could become raucous if the Scots were not seen to be paying their

fair share. Why then, should the Scots want to give themselves powers which could add the equivalent of 3p on income tax or, in theory, add 37 per cent to council tax bills? One answer is that if devolution is to be a serious transfer of power, the Scottish people must have the right, within limits, to determine for themselves the balance between public and private consumption. which have so disfigured parts of the Scottish Labour party.

These are important consider ations. Yet before voting Yes to the referendum'a tax question Scottisb people need to think expressed by soma husinesstaxes would disadvantage Scot First, a Scottish parliament tish businesses against competitors south of the border. This could come either from a direct or through the labour market. Higher personal taxes might cause a southwards drift of akilled people or an increase in Scottish pre-tax wages.

Although these effects might not be large, the stakes are high. Inward investment to Scotland reached £3.1bn last year. Against this benefit, the claim of soma academics that increasing taxes and public apending could stimulate the economy are speculative, to say tha least; and probably plain wrong. These difficulties are compounded by continued uncertainties about how a tartan tax would work in detail.

In the end, Scottish patriotism may well prevail, but represen tation without taxation could, in this case, be an entirely reasonable option.

#### Gunter's goodbye

Timing is everything in politics: so was it such a good idea for German economics minister Gunter Regrodt to head off yesterday for a week-long tour of central Asian states?

Talk of a cabinet reshuffle is gathering pace in Bonn after finance minister Theo Walgel made clear last week he wanted a new role, though not Speculation was running bot in yesterday's press, ahead of Thursday's first cabinet meeting since the summer break Chancellor Helmut Kohl will be keen to restore order when he returns from holiday today. Rexrodt has been less effective

in cutting subsidies than might be expected from a member of the Free Democrats, the economically liberal funior coalition partner, and his initiatives have a habit of coming to nought. As he leads a delegation of businessmen through Turkmenistan, Uzbekistan and Kazakhstan, let's hope the telephone . . . connections are good:

Let's also hope he has better luck than he had on his trip to Africa last year, he ended up in intensive care with malaria. This worried ministerial colleagues, and defence minister Volker

OBSERVER Ruhe, on a visit to India soon after, assigned one of his aides to stay close by him to kill mosquitoes. His hosts were astonished to see a German official repeatedly clapping his hands in front of his boss's face.

Grief encounter

■ When Mahathir Mohamad, Malaysia'a prime minister, starts something, he generally finishes it. So it appears strange that he has dithered publicly over the question of whether to meet George Soros; tha US financier whom he has called a "moron" and accused of trying to impoverish poor countries through speculative attacks on their currencies. Soros has repeatedly denied tha charges. At first Mahathir said he would meet Soros if the

opportunity arose. Now that both are scheduled to be in Hong Kong for the World Bank conference in September, such an opportunity has presented itself - and Soros has invited. Mahathir to meet him. But the Malaysian premier appears to have changed his mind and said at the weekend he would go to Hong Kong but he would not

meet Soros. There was no indication as to what has prompted his change of heart, but some of his recent remarks on currency speculation suggest that the mechanisms of

financial markets may not be his strongest subject. On one recent occasion, it was his own remarks on the subject which were blamed for the weakness of the ringgit, the beleaguered Malaysian currency which ha accuses Soros of attacking.

Winged victory

■ Members of the US congressional transportation committee made a flying visit to the UK last week to investigate the proposed British Airways-American Airlines alliance. After a chat with intrepid aviator Richard Branson, who reckons the plan spells catastrophe for air travellers; the committee headed off to tour BA maintenance

The doors of a maintenance hangar were thrown open for the committee - to reveal a Virgin Atlantic 747 undergoing a routine overhaul under contract by the world's most psychedelic airline. Emblezoned across the side of the aircraft'a fuselage was "No way BA-AA". Handsome, Branson.

Soft ball

Until now Japanese sports ians haven't taken to soccar in the hordes that officials at J-League, the country's national league, had hoped. But there are some signs that western style football culture might finally be starting to take root; the Shimizu S-Pulse club has been fined Y5m for the rowdy behaviour of its fans.

Apparently, Shimizu fans were so upset at the referee's decisions in a recent game against Kashiwa Revsol that they held a sit-in. About 40 of them sat in front of the Kashiwa bus, stopping the away side from leaving, and some of the irate fans even demanded to speak to the referee. It might not add np to much - especially in a country where baseball teams and crowds can turn ugly - but it sounds like the thin end of the

#### Fit of peak

■ United Pictures International is unhappy with Japanese rice company Niigata Rocky: It has filed a complaint with Japan'a patent agency claiming that the "Rocky Champion" brand is an attempt to profit from Sylvester Stallone'a multiple "Rocky" boxing films.

The company says the name evokes the fresh air and mountain wilderness of its location in Niigata prefecture, north of Tokyo - like the North American Rocky Mountains. So, it says, there isn't a grain of truth in UPI's charges.

## Financial Times

#### 100 years ago Gold Fever In The North

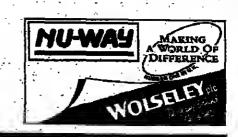
Klondyke is rapidly assuming the intensity of a mania. Numbers of youths in Great Britain are saving up their making a start for the land of promise. Across the Atlantic more virulent. Upwards of forty Klondyke companies with a capital of over £20,000,000 bave already been floated in America, and still they come. The spirit of gambling and the spirit of adventure are both appe to by these far-off gold fields on the edge of the Arctic circle. Unfortunately a single favourable article in the Press on the chances of prospectors undoes the work of a dozen pieces of sound advice.

#### 50 years ago

Lloyds Bank Progress Advertisement: "Many musty old records remind us that our aign hung in Lombard Street [in the City of London] when Black Ivory and Guinea Gold were everyday topics of conversation between bankers and their customers. The efficiency of our modern accounting and calculating machines reminds us that we have moved with the times. The last Guinea [£1.05] was minted in 1813.

## FINANCIAL TIMES

Monday August 25 1997



## IMF and Albania to discuss emergency aid

By Kevin Done, East Europe Correspondent

International Monetary Fund officials are to begin talks with the Albanian government today on the terms of an emergency economic support package, which is expected to include the dismissal of the central bank governor.

strict guidelines for future economic policy is a crucial first step if Albania is to secure the backing of aid donors - including the World Bank and the European Union - to begin reconstruction after months of civil conflict triggered by the collapse of fraudulent pyramid

In an effort to restore confidence in the financial euthorities and expedite negotiations with the IMF, it is understood the government is planning to dismiss Qamil Tusha, the governor of the Bank of Albania, the country's central bank. Mr

as part of the campaign by discredited former president Sali Berisha to impose his own influence on the bank. At the height of the crisis Mr Berisha forced out of office the then governor, the respected Kristaq Luniku, who had fought to maintain the independence of the central bank.

The Socialist-led, five-party Agreement with the IMF on coalition government elected last month following the collapse of the Berisha regime, is expected to put forward Mr Shkelqim Cani, a former communist deputy prime minister and socialist member of parliament as the new governor.

Mr Cani is close to Mr Fatos Nano, the Socialist prime minister, who won an overwhelming victory in last month's

He previously served as e director of the state bank and under the communist regime was deputy prime minister in one of the short-lived governments led by Mr Nano at the beginning of the 1990s. The

adoption of tight monetary and fiscal policles will be key to reaching a successful outcome in the negotiations with the

But western officials accept that the scale of the damage suffered by Albanian institutions and the destruction of much of the economy's infrastructure during the recent anarchy rule out early agreement on a long-term IMF sup-

During the present two-week mission it is hoped to agree so-called "post-conflict emergency assistance" of e type previously provided only in Bosnia and Rwanda.

Initial IMF assistance is expected to amount to between \$12m and \$13m, but it would pave the way for leading multilateral and bilateral donors to Albania, including the World Bank, the EU and Italy, to resume aid programmes that totalled around \$200m annually before the collapse

## Great-West poised to win London Insurance

By Scott Morrison In Vancouver

Canadian insurance holding company, is expected to succeed in its C\$2.9bn (US\$2.1bn) bid to acquire London Insurance Group, after the Royal Bank of Canada opted not to increase a C\$2.4bn offer.

Great-West, with earnings of C\$289m last year, surprised industry watchers last week with its competing bid for London Insurance, Canada's biggest underwriter of individual life policies.

Barring another bld, the acquisition will raise Great-West, controlled by financier Paul Desmarais' Power Financlal, from third position to become the largest insurance group in Canada. If regulators approve the deal, the insurer will have on-halance sheet assets of C\$52.8bn and total revenue of C\$11.6bn.

Its group life and health

price policy," the DTB said.

scheme" when trading started.

The exchange experimented

with a Bobl contract several

Deal would Great-West Lifeco, the Create largest insurance group in Canada

> assets would be complemented by London's individual life insurance and small company accounts. Great-West could share systems and procedures with London Life, creating efficiencies that would not be matched by the bank.

> John Cleghorn, Royal Bank chief executive, said shareholders' interests would not be served by increasing the bank's offer, announced seven weeks ago. "Our plans for London Life were revenue driven and would not have produced the cost synergies necessary to make a higher bid economical." Mr Cleehorn said.

> Under the terms of Royal Bank's offer, the bank will

receive a C\$70m termination fee from London Life, which has announced it is supporting Great-West'e bid. The bank said it would continue to look for acquisitions in the indus-

A decade of deregulation has led to a shake-up in Canada's financial sector as banks have acquired investment banks and trust and loan companies. Investors Gronp, Canada's leading personal financial services company and Great-West's sister company, has said it will participate in the transaction by acquiring up to 10 per cent. or C\$600m, of Great-West's common equity.

The transactions are cooditional on Great-West acquiring at least 90 per cent of all the outstanding London Insurance Group common shares. The acquisition, to be financed Great-West's cash from recources and the issue of shares, will be paid in cash. shares or a combination.

## Exchange fees | Sinn Féin meeting expected

**FT WEATHER GUIDE** 

Continued from Page 1 Continued from Page 1

trading on its own merits. ceasefire on July 19. The govwithout any distortions due to ernment said it would review the position after the ceasefire Liffe said it planned to offer had been in place for eix guaranteed liquidity in its new weeks, taking into account the Bobl contract through a level of other activity such as punishment beatings. "unique market maker

Sinn Féin yeaterday indicated that it was expecting an early meeting between Mr years ago, but had to delist it Adams and Mr Blair. But

the meeting would not take place until Sinn Féin had

joined the full talks, starting on September 15, and endorsed the "Mitchell principles" on decommissioning of

terrorist weapons. The composition of the committee that will oversee arms decommissioning is expected to be announced next week following a meeting between Ms Mowlam and Ray Burke, the Irish foreign minister.

#### run in new Teamsters election By Leslie Crawford in

Hoffa to

James P. Hoffa, son of the legendary Teamsters boss Jimmy Hoffa, yesterday setzed on a mounting financial scandal surrounding last year's leadership contest to challenge Ron Carey, president of the 1.4m-strong US labour union, to a new election.

A US court'a decision on Friday to nullify the election results, following the discovery of illegal donations to Mr Carey's campaign, has rekindled rivalries within the Inter-national Brotherhood of Teamsters days after its successful two-week strike against United Parcel Service, the largest parcel carrier in the US.

Mr Hoffa, a labour lawyer from Detroit, yesterday played down Mr Carey's role in the dispute "It was the members who won this strike, not Ron Carey." he said in a television interview. "It will be a difficult race, as the incumbent has all the power on his side." he said, welcoming the decision to order a new election. "Bnt after six years of Ron Carey. the Teamsters Union today is on the edge of bankruptcy and is hopelessly divided."

Speaking on the same pro-gramme, Mr Carey denied any knowledge of campaign funding improprieties as he struggled to defend his reputation as the movement's Mr Clean. This was a scheme by outside consultants to rip off the union and line their own pockets."

The court ruled that \$231,000 in illegal donations had been made to a Carey fundraising group called Teamsters for a Corruption Free Union (TCFU), which were then used for a last-minute direct mail campaign to tip the election in Mr Carey's favour. Although the monies were later returned, Barbara Zack Quindel, the court-appointed election overseer, said: "TCFUfunded mailings could have persuaded at least a small percentage of Carey-slate supporters to cast their ballots and therefore may have affected the outcome of the election."

In separate inquiries, the Justice Department and the US Senate are examining whether the Teamsters channelled contributions to the Democratic National Committee in ige for donatio Carey's campaign. Newt Gingrich, speaker of the Republican-led House of Representatives, yesterday called for an additional probe into links between the Democratic party

and the Teamsters. Although Ms Quindel exonerated Mr Carey from any wrong-doing, ehe has recommended further prohibitions from outside donations. limits on union member contributions and stronger disclosure requirements to make elections more transparent.

#### in 1993 due to lack of liquidity. under the government's terms

#### **Europe today** The central and eastern

Mediterranean will be fine and hot with strong sunshine. Soain and Portugal will be more unsettled with scattered thundery downpours but southern areas should have more sun. North-west Europe will be humid and thundery with some downpours developing. Central and eastern Europe will have hot sun but isolated thunderstorms are likely over the Alps and the Balkans. Scendinavia will have heavy showers although Denmark may stay mostly fine and very warm.

#### Five-day forecast

The humid, thundery weather over much of western Europe will edge east to affect Germany, the Alpe and northern italy, allowing fresher weather to spread across Iberia, France and the Low Countries. Eastern Europe should stay hot with sunny spells, but thunderstorms are likely over the eastern Balkans.

# LOW

#### TODAY'S TEMPERATURES

Alpu Dhabi Acora Algiers Amsterdam Athens Alianta B. Alres B. Hem Bengkok Bercelons	Maximum Celeius Sun 40 Cloudy 29 Thunder 27 Fair 31 Fair 27 Sun 31 Sun 22 Thunder 22 Shower 36 Cloudy 27	Beijing Beifast Beigrade Beigrade Bermuda Bermuda Bennbay Brussels Budapest C.Hagen Cairo Cape Town	Feir 33 Shower 20 Cloudy 23 Sun 31 Feir 31 Thunder 19 Feir 30 Sun 31 Feir 27 Feir 25 Sun 34 Shower 18	Ceraces Cerdiff Cesablance Chicago Cologne Delker Delhi Dubal Dubal Duban Dubrovník Edinburgh	Thunder 3 Shower 2 Shower 2 Shower 2 Fair 3 Sun 3 Rain 3 Sun 4 Fair 2 Shower 1
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Lufthansa

2	Faro	Feir 31	Madrid	Thunder 29	Rangoon	Shower 28
ō	Frankfurt	Sun 31	Majorca	Thunder 28	Reykjavík	Cloudy 13
6	Geneva	Fair 29	Maita	Sun 29	Rio	Fair 24
8	Gloretter	Fair 28	Manchester	Shower 20	Rome	Sun 29
1	Glasgow	Shower 15	Mania	Shower 34	S. Freco	Fair 23
i	Hamburg	Sun 31	Melbourne	Drzzi 13	Secul	Fair 30
5	Heisinki	Shower 23	Mexico City			Thunder 30
5	Hong Kong	Shower 30	Missal		Singapore Stockholm	Fair 26
ī	Honolulu	Fatr 32	Milan	Sun 33		Fair 32
i	letanbul	Thunder 23	Montrael	Thunder 29	Strasbourg	Fair 18
,	Jakarta	Cloudy 32	Moscow	Fair 24	Sydney	Shower 28
ŝ	Jersey	Thunder 19	Munich	Fat 25	Tangler	Fair 31
9	Karachi	Fair 35	Natrobi	Sun 29	Tel Aviv	
				Cloudy 27	Tokyo	Shower 28
	Kuwait	Sun 45	Naples	Sun 28	Toronto	Shower 22
	L. Angeles	Sun 28	Nassau	Shower 32	Vancouver	Rein 21
	Las Palmas	Sun 28	New York	Fair 25	Venice	Sun 27
ı.	Lime	Cloudy 23	Mce	Sun 28	Vienna	Fair 28
	Lisbon	Sun 26	Nicosia	Sun 32	Warsew	Cloudy 29
	London	Thunder 24	Oslo	_ Fair 23	Washington	Fair 25
	Lux.Bourg	Sun 30	Paris	Thunder 28	Wedneton	Shower 12
	Lyon	Sun 32	Perth	Sun 21	Winnipeg	Rain 26
	Madeira	Fair 27	Pregue	Sun 29	Zunch	Fatr 28

#### THE LEX COLUMN

## Joyless Japan

Japan is striking up the sorts of records it can do without. Renewed pessimism about the economy has driven yields on benchmark government bonds to record lows of around 2 per cent. Partly this reflects the damage inflicted on demand by the April rise in sales tax. But the recent Asian currency turmoil has been a further blow. exports were the one bright spot, but the tightening of monetary policy in the region as governments defend their currencies looks like curbing demand. More than 40 per cent of Japan's exports go to Asia.
The fall in bond yields has been

accompanied by a big downward revision in interest rate expectations, but this has not helped equities. The Nikkei is languishing at a four month low as fears about higher rates have been replaced by concerns about ahrinking profits. Clearly the measly yields on offer make bonds an unattractive investment. But nor is it easy to get enthusiastic about shares while growth remains so tepid.

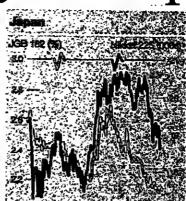
There is no easy solution. The government'e finances do not allow resort to fiscal stimulus, and monetary policy is hardly an option; short rates are already rock-bottom, while the US administration is hardly likely to tolerate a politically contentions yen devaluation. Until the banking crisis is clearly past, and deregulation starts to deliver fruits, it is difficult to see shares moving decisively higher.

#### Old Mutual

South Africa's business scene suffers from too few people wielding too much power. But the situation is changing fast. First the mining conglomerates started to unbundle, Now the demutualisation bandwagon is starting to roll. Sanlam was first off the blocks, but it has been unstaged by rival Old Mutual's decision to go for a listing. This may represent an enormous volte face, but it is no less welcome for

For Old Mutual the move is logical. It is so large in South Africa that its future must lie abroad. It has made some progress already, but without a listing, and an international one at that, its scope for expansion is inevitably constrained. Its management and investment record may be stodgy, but it is at least unlikely to rush abroad and spend foolishly. The real importance of the move,

however, lies at home. Popular capi-



talism will get a huge boost from black. No longer will it be so easy to brand the Johannesburg Stock Exchange as a white man's casino.

Moreover, Old Mutual will find it easier to resist government pressures to act as a politically convenient venture capital fund.

Even more pertinently, the country's largest investor will emerge from the shadows into the realm of genuine accountability. At the moment, Old Mutual is notionally answerable to policy-holders. In practice it does pretty much as it likes. The salutary discipline of a share price and shareholders could work wonders both for Old Mutual and for the long list of companies in

#### France

A new example of accounting legerdemain - this time involving Elec-tricité de France's balance sheet .has provided a timely reminder of the French genius for tailoring financial statements to suit requirements. The state-owned electricity company is set to conture a tripling of its capital and reserves simply by assuming maquivocal ownership of an electricity grid the government says it owns anyway. With crunch time for Emu

approaching, such manipulative panache raises a broader question: if these schemes are so effortless, can it really be so hard to find a way of shaving between 0.1 and 0.3 percentage points off France's 1997 public deficit to ensure it meets the strict Maastricht criterion for monetary union?

Of course it may be that ministers who recently unveiled measures to cut the expected deficit from a projected 3.5-8.7 per cent of

really did not know how to narrow the gap further - at least, not without imposing further austerity. But is it not also possible that this modest overshoot actually suits them?

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One rationale for this apparently heretical suggestion could lie in the position of Italy, which France - in sharp contrast to Germany - wants to join Emu from the start. If Paris can judge its deficit performance so that it does as well as (but no better than) Italy in the forthcoming Maastricht beauty contest, it will be difficult for Bonn to exclude ftaly without likewise excluding France which of course is onthinkable Exclusion would be all the more unlikely if Germany lost its own battle to hit tha magical 3 per cent.

#### **GMG/LVMH**

The generals in the battle between merger partners Guinness and Grand Metropolitan (GMG) and oppponent LVMH have retired to the beaches/moors for a summer break. But Bernard Arnault LVMP'e carriy chairman, will no be resting. With over £5bn at stake - his investments in Guinness and GrandMet and his two thirds of Moët Hennessy - he needs to cut a deal. And the closer Guinness and GrandMet get to forming GMG, the weaker his negotiating position.

Thus far, his attempts to add MH to the merger pot while demerging GMG'a brewing, food and Burge King interests, have met with limited interest. An obvious option would be for LVMH to secure buyers for the proposed demergers to provide more concrete valuations say Kraft Foods putting a provisional price on Pillsbury. However without access to GrandMet's books, it will be a struggle. There is a potential £1.5bn tax bill from sales, so it needs to be a good price. Besides. Mr Arnault cannot bid for either Guinness or GrandMet - he has made binding commitments not to. So he can provide no assurances to potential buyers that there will be a deal.

The next move will probably be for the parties to try for a truce. Mr Arnault will produce numbers to demonstrate the benefits of bringing MH to the deal and at the right price GMG shareholders would agree. With his shareholdings and legal threats to the merger, he could even expect a sweet deal just to keep quiet. But unless Mr Arnault is prepared to give up on his demands for quick demargers, GDP to more like 3.1-3.3 per cent any talks are liable to be unfruitful.

#### THE KENYA POWER COMPANY LIMITED OLKARIA II GEOTHERMAL POWER PLANT

REQUEST FOR EXPRESSION OF INTEREST FOR ENGINEERING SERVICES CREDIT NUMBER 2966-KE

This Request for Expression of Interest follows the general procurement notice for the Olkaria II

Geothermal Power Project (the project) that appeared in the Development Business of January 16, 1997. The Government of Kenya has received a credit from the International Development Association (herinafter referred to as the IDA) to be onlent to The Kenye Power Company Limited (hereinafter referred to as the KPC). KPC intends to apply proceeds of this credit to eligible payments under a

contract for Engineering Services (the Services) for the Project for which Request for Proposals is to be The KPC intends to short list firms for the Services which will include: (i) preparation of a Pre-Bid Meeting for the clarification of tenders to prospective tenderers; (ii) bid evaluation and assistance in negotiations for contract award; (iii) supervision of construction and of manufacturing of electromechanical plant and equipment; (iv) co-ordination of various contracts to ensure timely and smooth

The Project shall be located at Olkaria near Naivasha, 100 km from Nairobi and 5 km from the existing 45 MW Olkaria I Power Plant. The Station will have two 32 MW steam turbine generators with a total capacity of 64 MW. The output of the Station will feed the grid via a 220 KV line to be constructed to Nairobi. Steam for Olkaria II Station will be produced from 25 already drilled production wells. Five contract packages have been developed to cover: (i) the construction of the power house; (ii) the supply and installation of steam turbines and generators with ancillary equipment; (iii) step up (at the Station) and step down (in Nairobi) transformation substations; (iv) construction of a 220 KV line; and (v) the steam gathering system.

implementation of the Project; (v) testing and commissioning; and (vi) assistance during plant operation up to the end of the warranty period. The Services are estimated to require 4 years after contract eward.

Specifications and tender documents for these contracts have been prepared. Outline design for the civil works and design for the steam gathering system are also ready. Electrical and mechanical contracts will be on design, supply and install basis.

KPC is hereby requesting interested firms domiciled in the member countries of the World Bank Group to provide information indicating that they are qualified to perform the Services. Consultants may associate to enhance their qualifications. Selection of Consultants will be in accordance with the procedures set out in World Bank's Guidelines: Selection and Employment of Consultants by World Bank Borrowers, January 1997. To be short list. 1, the Consulting Firm or the Consortium of Consulting Firms shall:

demonstrate adequate technical knowledge, availability of appropriate skills among staff, experience - specifically in the development, engineering and operation of geothermal power plants with the associated electromechanical plant and equipment - to carry out the Services required for the Project;

indicate relevant experience abroad, including developing countries, in the supervision, detail design, management and operation of similar projects;

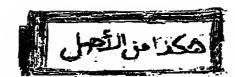
provide specific experience in the development of geothermal steam fields; and

provide a brief outline on the approach for the management of the Services for the proposed

Interested firms seeking clarifications on the Services should write to the Corporate Planning Manager, The Kenya Power Company Limited, Stima Plaza, P.O. Box 47936, Nairobi, Kenya (Telephone 254-2 741181/9 Ext. 4601. FAX 254-2 337351. The complete request information should be sent to:

The Company Secretary The Kenya Power Company Limited Stima Piaza, Kolobot Road P.O. BOX 47936 NAIROBI KENYA not later than Monday, 6th October, 1997.

Firms who are short listed will be notified in writing. I.N. KIMANI COMPANY SECRETARY





## FINANCIAL TIMES COMPANIES & MARKETS

Monday August 25 1997



INSIDE

#### SKF chief eyes up south-east Asia



company that is tha world's biggest maker of industrial rolling earings, will be 100 years old in 2007, and Peter Augustsson (left). chief executive, intends to be in place to lead the celebrations. His plans for SKF include ments in growth mar-

kets outside Europe, particularly in south-east Asia. SKF shares have underperformed by about 20 per cent in the past two years. Page 17

#### GLOBAL INVESTOR ...

**Bond ratings tested** A study suggests junk bonds display a far higher default rate after 15 years than issues originally rated CAA or above, raising the question of whether the higher yields of lowrated paper compensate for the higher risks.

#### INTERNATIONAL EQUITIES

Brazil keeps investors waiting International offers are rare in Brazil, so investors are looking with interest at government plans to sell large minority stakes in two recent stars of its privatisation programme: Compan-hia Vale do Rio Doce (CVRD), the mining group, and Light, the Rio de Janeiro electricity company privatised a year earlier. Page 18

#### INTERNATIONAL BONDS

No summer respite for Treasuries Analysts say there has been a sharp increase in the summer Treasury volume, and this rise in activity is one of the key factors separating this Treasury market from previous years. Page 20

#### MARKETS THIS WEEK New York

Sharp swings recently reflect market nervousness about how much longer the bull run can continue. Investors feel it is only a matter of time before things deteriorate.

The main worry for gilts and equities might come from bond markets, which showed signs of cracking last week.

Expectations of an early rise in a key Bundesbank interest rate have risen with news of higher import prices as a result of the strong

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Bonds and equities are expected to stay on contrasting paths with government bonds continuing their record-breaking run while the equity market languishes.

French shares will track the currency markets and the Bundesbank for clues to the next move in German interest rates. Page 19

#### CURRENCIES

Bundesbank keeps up guessing game Since July, the Bundesbank's council has threatened to switch from a fixed to a variablerate repo, under which, traders believe, rates would creep up from their current 3.0 per cent, enough to buoy up the D-Mark. It renewed its threat on Thursday. Page 19

#### **EMERGING MARKETS** A breather for Indian bulls

After a summer bull run, the Bombay stock exchange seems to be heading for a period of volatility, as uncertainty over a rupee depreciation and a rise in the price of petroleum products dampen investors' enthusiasm. Page 20

#### FT GUIDE TO THE WEEK - full listings Page 30



CHINA CONVENTION More than 1,200 delegates are in Vancouver for tha fourth World Chinese Entrepreneurs Convention, which will be taking place from Monday to Thursday This is the first time

#### the event has been held outside Asia BONN-PARIS MEETING

European monetary union will be the focus of a meeting on Thursday in Bonn between Helmut Kohl, German chancellor, and Lionel Jospin, the SHOW JUMPING

The European show jumping championships are in Mannheim, Germany, from Wednesday.

Royal Bank of Canad

2 Shippern

15 Smith (WH)

15 Tesco

17. Unisource

17 Volth Hydro

1 Telecom Italia

#### Companies in this issue

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Market Statistics

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Fierce competition cuts value of insurance investment trusts

## Lloyd's spread funds hit by fear of falling profits

By Christopher Adams, insurance Correspondent

Specialist funds which back insurance syndicates at Lloyd's of London, the specialist international insurance market, have fallen out of favour with stock market investors despite bumper profits this year. Analysts fear returns will diminish rapidly amid fierce competition in global insurance. Recent weeks have wit-

essed a sudden decline in the value of sbares in Lloyd's spread funds relative to the stock market. Some investment trusts have fallen by as much 18 per cent since the beginning of August.

Analysts said that disillusion with the prospects for Lloyd's is weighing on share prices. "All the bad habits in the insurance industry are back: rate cutting, excess capital, people trying to write business cheaply and laying it off even more cheaply to others." said Chris Hitchings of UBS.

in Lloyd's syndicates, the small businesses run by underwriters which make up the

spreads to

**British** 

contemporary favourites.

itan, the UK-based food and

Mr Steven Joseph, the new

executive chairman, thinks

The new range of spreads will

provide organic growth, he

believes. Mr Joseph aims to

use the group's brand name to

market a range of new fillings

and to expand the company's

canned-chicken and ready-

He intends to increase sales

from less than £30m in the

year to September to between

£100m and £200m a year to

the next two or three years.

Most of this growth will come

His plans recognise the need

peopla who remember tha

got the most wonderful brand

In the year to September

Shippam made operating prof-

its of less than £3m on sales of

just under £30m, he said. At

its peak about three years ago

the company was making a

26m profit on sales of 240m-

245m. These figures included

parts of the business which

are now separate.

four or five times bigger."

revolution.

and Pillsbury.

NatWest Ventures.

meal operations.

food sectors.

booming and the investment trusts' shares rose with expectations of large dividends from underwriting activities. When it became clear last year that Lloyd's would succeed with a recovery plan to reinsure crippling liabilities from earlier years, the spread funds climbed further.

Lloyd's, which reports three years in arrears, announced profits of £1.1bn (\$1.79bn) in June, its second most profitable year ever. But its results were accompanied by a warning that profits were expected to fall to £600m in 1996 and even further this year.

It is not only the poor out-

look that has depressed share prices. The spread funds are fighting a battle for "capacity" - the right to support business on Lloyd's syndicates - which analysts say they could lose. The struggle centres on efforts by the underwriting

Many of the trusts investing agents who control syndicates to buy capacity from Names. Some have linked with dedicated corporate investors, giv-

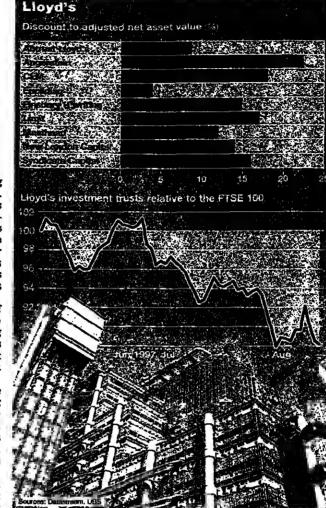
ket, were set up soon after "The spread funds are being Lloyd's opened its doors to corporate capital in 1993.

edged out," said Mr Hitchings. Also, many managing agents Insurance markets were are trying to raise profit, commissions and fees sharply this vear, some say in a bid to make Names accept their offers to buy capacity. This threatens to erode the returns for spread funds and Names from underwriting at Lloyd's.

The underperformance of the investment trusts may be exaggerated by several going ex-dividend. Many investors considering selling shares wait to receive the annual payout before disposing of stock. Looking at the share price

alone can also be misleading since most spread funds have significant boldings in bond markets rather than equities and the recent bull run in sbares bas outpaced returns from other investments.

But the difference between share prices and net asset value, which analysts argue is a more representative measure of performance, also shows how institutional interest in the Lloyd's funds has diminished. While most were trading at a premium to net assets a few months ago, they bave



For Lloyd's Names, individuals whose personal assets have traditionally supported the insurance market, this raises additional concerns.

can use for deciding wbether to switch from being sole trad-ers with unlimited liability to investors in new conversion schemes offering limited liabil-Existing investment trusts ity and a listing on the stock

## are the only benchmarks they market. Revolution | CCT Telecom targets China HK\$2bn rights issue to fund expansion on the mainland

By John Ridding in Hong Kong

fish paste CCT Telecom, the fast-growing Hong Kong-based telecommunications equipment manufacturer, is to raise HK\$2.01bn By Jane Martinson in London taken charge of Shippam, a mainland China. 247-year-old UK manufacturer The move follows last

of fish paste for flavouring Xinhua, China's state news sandwiches which bas been regarded as a cultural icon by generations of Britons. 12.5 per cent stake in CCT In a drive to revitalise the company, founded in the south-coast town of Chichester Telecom, signafled influential mainland backing for the Hong in 1750 by a Mrs Shippam, the Kong company and marked a new bosses are launching a further step in the increased range of products targeting a business activities of mainland new generation of youngsters. political institutions. se include Sassy Salmon

month's strategic alliance with lised in the near future," be said

Kwan Bankee, managing in Asian companies which important source of future director of CCT Telecom, said manufacture components used growth. Under the five-year the rights issue reflected the by CCT Telecom. company's intention to capitalise on rapid telecommunications growth in China. "We are (US\$258m) through a rights already in preliminary oegotiaissue to fund expansion in tions for several potential pro- HK\$100m will go to setting up exchange capacity to 170m

agency. The alliance, in which According to CCT Telecom, a Xinhua subsidiary bought a about HK\$900m of the proceeds will be used to set up joint venture companies in mainland China to manufacture telecoms products and develop GSM mobile telephone networks. A further HK\$250m is earmarked for buying stakes

Of the balance, HK\$200m

will be invested in research and development of mobile ding mobile customers. The telephone operations, while plan also aims to double jects and are confident that marketing and distribution lines. these projects will be crystal- networks in China.

plant in Guangdong province, southern China, and exports most of its products to Europe and the US. However, company officials cite the rapid expansion of the Chinese telecommunications sector, one of five-year plan, as its most Cspital.

plan to 2000, China aims to add about 64m new subscribers to the 41m as of mid-1996, exclu-

The ooe-for-one rights issue At present, CCT Telecom is priced at HK\$1.00 per sbare, has a large manufacturing compared with HK\$2.85 at which shares in CCT Telecom were suspended last week. The issue is managed by Citicorp International and co-managed by Kingsway SW Securities. They are joined as underwriters by Yamaichi International, the priorities of the present J&A Securities, and Peregrine

#### **Ex-Burton** chief in running for WH Smith

Stuart Rose, the former Burton Group director, bas emerged as the leading outside candidate to bead W H Smith, the retailer which suffered the surprise resignation of its chief executive in June.

Mr Rose resigned as chief executive of Burton subsidiarles Burtons, Dorothy Perkins, Evans and IS last month after three years in the job.

The news comes as the company confirmed that Keith Hamill, the finance director, wbo many considered to be the leading internal candidate, bad pulled out of the contest.

WH Smith said yesterday that Mr Hamill, who has been associated with potential break-up plans for the company in recent weeks, told Jeremy Hardie, the chairman, that be did not want to be considered for the job as long ago as last mooth.

The group denied that Mr Hamili intended to leave the company when a replacement for Bill Cockburn, the former chief executive, is found. A nominations committee is

expected to meet shortly, possibly this week. The committee which includes Martin Taylor, chief executive of Barclays, and Marjorie Scardino, bead of Pearson, which owns the Financial Times - is to agree a preferred candidate before making a recommendation to the board.

Three existing directors bave also beeo considered: Richard Handover, managing director of news distribution and a company veteran of 27 years; John Hancock, chief executive of the US division; and Alan Giles, managing director of Waterstone's, the book retailer. The new chief executive will

take office amid mounting investor concern about the group's performance, and sug-gestions that it could be broken up.

This year, Mr Cockburn declined an offer by Virgin, which owns 25 per cent of W Smitb's Virgin and Our Price record stores, to buy the remaining 75 per cent.

On Wednesday, WH Smith is expected to report pre-tax profits of about £125m (\$203.75m) on sales of £2.75bn for the year to May 31. This compares with losses of £194.7m in 1996 on turnover of

More questions. Page 16

#### spread and foodstuffs based Securities deal upon baked-beans and other For a company that has survived since the days when the US was a British colony, the new strategy amounts to a Details of the plans emerged Pakistani group esterday after tha takeover of the Chichester-based company for a reported £15m. It is being sold by Grand Metropol-

By Vincent Boland in London

Met, Shippam has been overshadowed by brands such as Burger King, Haagen-Dazs and future revenues from six international carriers for tha Between 70 and 80 jobs are set to be lost from tha 450nse of its linas on long-distance calls into the strong workforce following country. the deal, which was backed by

initial \$175m.

at Citicoro Securities, said the fact that the securities bad been given an investment Co (PTCL) has raised \$250m by grade rating meant PTCL was selling the rights to existing given access to money much more cheaply. "PTCL could come nowhere close to getting that kind of spread otherwise. It is debatable it could raise that amount of money beyond two years," be said. It also gave the company

access to "a new and very powerful investor base" that included US insurance companies and Japanese institutions. For tha investors, the structure of the transaction avoided

currency risk, since payments will be in US dollars, and provided "very good solid psyments coming in from highly rated companies". That factor eliminated sovereign risk from the transaction, be said. Securitisation deals are rare

in Asia. However, the fact that the PTCL deal is the first "future flow" securitisation to be rated investment grada should spark more interest in Some recent transactions

involving Japanese banks, which have seen non-performing loans turned into asset backed securities and sold in London, suggest it is gaining currency in some quarters. Yokohama Bank, Bank of Tokyo-Mitsubishi and Sumi-

tomo Bank have launched asset-backed securitisation deals in the past two months to reduce their risk-weighted Mr Busbee said there was "a tremendous opportunity" in

emerging markets in Asia and eastern Europe for this type of



# raises \$250m for

drink group that is merging with Guinness. Within Grand-Pakistan Telecommunication

The novel transaction is Pakistan's first securitisation and the first such deal to involve multiple carriers from the company will provide a suitable base for expansion. different countries, according to the arranging banks. The securities have been given an investment grade rating of BBB- from Standard & Poor'a and Duff & Phelps Credit Rat-

> The structure of the transaction means that the revenues PTCL would have received for the next seven years will be paid into a US trust. This trust will make quarterly payments to the investors that underwrote the securitisation, mainly US and Asian institutions

from acquisitions in related not to alienate the older Sprint, MCI, British Telecommunications, Mercury Commn-"old-fastioned" fish pasta with fondness. "Evarybody remembers it," he says. "It's nications and Deutsche Telekom. There are an estimated six times as many incoming calls to Pakistan as there are outgoing calls. name, but people think it's

The six international carriers participating are AT&T.

The securities, which have an expected maturity of six years and an average life of 3.8 years, were priced at 225 basis points over the relevant US Treasury rate. They were placed by ABN Amro and Citicorp Securities, and demand raised the transaction from an

Chris Busbee, vice president

## Pru pays £105m for showcase office

Prudential Corporation, the group, is escaping from its tial's property portfolio. high-rent contract with prop-

prises £33.3m cash and the City of London.

central London office proper-

erty group Minerva for its in 1989 for the 160,000 sq ft fully let. Their annual rental showcase office on Euston site, receives annual rent of income is £4.8m, of which Road in London by buying 26.48m from Prudential 24.1m is payable by Lloyds the building for £105m under a 107-year lease. That Bank on a lease with 106 equals £40.66 a sq ft, match- years to run. The lease is able, at more than £56m. The consideration com- ing rentals often paid in the next subject to review in

Two of the properties The third site - at Wig. said yesterday be was confi- nine months, was ebullient. Minerva is acquiring - more Street and Welbeck dent of achieving rent for "When we floated there was Minerva, which paid £68m Harding Street, EC4 - are

December 1999.

ties - independently valued Sampson House, at 64 Hop- Way in the West End - has the West End site of at least pensions and life assurance at £71.7m - from Pruden- ton Street, SE1, and planning permission for £35 a sq ft. This would yield Chatham Place, on East offices, with a floor area of in excess of £1.5m annually. about 43,000 sq ft. Of the so Minerva could end up three, Sampson House, with 2.5 acres of adjacent freehold land and 590 ft of river frontage, is by far the most valu-

Mr Andrew Rosenfeld,

with total rents only frac- company, by exchanging a tionally less than it was receiving from the Euston Road site.

"exhausted" by the deal, ening the basis for Minerva's

some scepticism as to possible future growth, but by doing this we have radically changed the profile of the building that represented a quarter of our assets for a combination of cash and Mr Rosenfeld, although other property, thus broad-

## Minerva's chief executive, which was negotiated over development."

## More questions than answers at WH Smith H Smith may he famous for deliver. Christopher Price looks at the

receive answers to the most pressing questions when the retailer reports annual results on Wednesday.

Who is going to be the new chief executive? Is the company about to be broken up? record chain going to be has pulled out of the running for the top joh? Such internal wranglings
Mr Hamill and Jeremy and debates about group

present the results, are unlikely to provide ready

The search for a new chief executive, after the surprise query Mr resignation of Bill Cockburn of affairs. in June, looks set to rumble on for weeks. All the candidates - three internal and five external - bave been interviewed and a short list factions and morale to the

Meanwhile, analysts have reports last week that inveshad asked Mr Hamill to consider breaking the group up. This was followed by news that Smith had been in talks through Smith's hierarchy. to sell its 75 per cent stake in Virgin/Our Price to Virgin, but could not agree a price. Smitb's US record chain, The Wall, is also up for sale.

Break-up valuations ranging from £1.26bn to £1.47bn bave been produced, compared with a Smith market tionery business, the group's capitalisation stuck at little

## uncertainty surrounding the UK retailer's future

break-up talk is the struggle first annual losses in 204 between rival camps sup- years of trading. porting different directors Is the Virgin/Our Price for the chief executive's post. The plan to put parts of sold? Will finance director the group up for sale is said Ketth Hamill stay on even to have been canvassed by a leadership campaign. Such internal wranglings

Hardie, chairman, who will strategy raise crucial questions over the management of one of the UK's most famous retailers. In particular, analysts have begun to query Mr Hardie's handling

It also begs the question as to whether the new chief executive can restore good relations between the rival rest of the group.

Certainly, the winning been working overtime with candidate's job has not been their calculators amid made easy by the legacy of Mr Cockhurn's hrief but tors - restless over the poor tumultuous tenure. Brought performance of its shares - in from the Post Office with no experience of running a retailer or public company, Mr Cockburn cut a swathe

> During his 18 months in the post, three executive directors left amid a raft of senior management changes. Noses were put further out of joint by Mr Cockburn's strategic review, which led to the sale of the office sta-

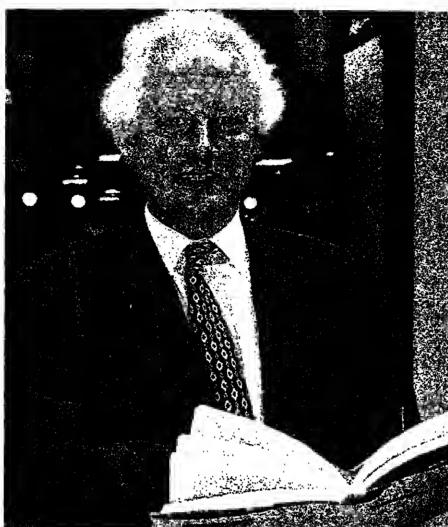
The backdrop to the subsequently reported its

However, the changes wrought by Mr Cockburn have done little to alter perceptions of the group's businesses, with Waterstone's though the company says he senior director as part of his and the wholesale division seen as the stars, and the high street business and Virgin/Our Price as duller per-

> Mr Cockburn's brusque management style was also not always popular. This was exacerbated by him being based at Smith's London headquarters with Mr Hamill, while the rest of the group's management were located elsewhere. Given this background, it

is perhaps not surprising that Richard Handover, head of the wholesale operation. and a Smith veteran of 27 years, bas emerged as a strong internal candidate. Mr Hamill, Alan Giles, managing director of Waterstone's, and John Hancock, bead of Smith's US business, are the others.

Meanwhile, Smith is expected to report pre-tax profits of about £125m on sales of £2.75bn for the year to May 31. This compares with losses of £194.7m on turnover of £2.68bn. Waterstone's is predicted to increase profits by 24 per cent to £18m. The retail busiexit from DIY and a restruct- ness is expected to be up 22 uring of the company. Smith per cent to £56m. Forecasts



for Our Price, bowever, are (£31m), and the US could fall £12m compared with £16m. to £10.5m (£11.3m). The wholesale business is

While analysts and inves- delivery of the most eagerly forecast to report £42m tors will digest the results sought news.

Move to debt finance could

Opening a book: Jeremy Hardle is still looking for a new chief executive

details with interest, they

## Supermarkets supported on brand-name pricing

By Christopher

The UK government yesterday promised "a sympathetic bearing" for supermarkets battling to end price-fixing on brand-name products.

It is further evidence of Labour's pro-consumer stance and follows Tesco's decision last week to sell a range of Adidas sportswear at discounted prices, against the German company's

Nigel Griffiths, consumer

August 15, 1997

affairs minister, welcomed comed his "positive tone". sco move and told Asda said vesterday it supermarkets be is prepared to take further action. "If companies want to ask the government for assistance they will certainly get a sympathetic bearing," the Department of Trade and

Industry said. Price-fixing has been discussed in meetings between executives from Tesco. J Sainsbury, Asda, Safeway and the British Retail Con-

would like "an overall investigation by the Office of Fair Trading into areas of price fixing and restricted distribution by major

brands." It wants to sell top brand perfumes and skincare brands such as Chanel, Clarins, Christian Dior and Cli-Mr Griffiths and senior nique, but bas been thwarted by the manufacturers who say supermar kets are not the right environment and lack the expertise to sell them.

British companies could buy back £100bn of their own shares over the next few years as they switch from equity to debt finance, according to research released today. Such a change would seriously dent government revenues.

Union Bank of Switzerthe recent abolition of the like their US and continen-

spark £100bn of buy-backs

UK companies have gearing - net debt as a proportion of equity - of just 30 per cent, compared with more than 60 per cent in the US and continental Europe.

Mark Tinker, the report's reason for the bias in favour of equity over debt bas been land argues in a report that the tax system, which has

tal European counterparts. Until the Budget, tax-exsion funds could reclaim part of the corporation tax

paid by companies. The effect was to turn a net 8p dividend into a gross distribution amounting to

Now that this system has anthor, argues: "The main been abolished, UBS believes companies will focus on the effect of tax on their finances. UK tax ments, but not dividends, to be offset against corporation

#### **NEWS DIGEST**

## Xaar plans up to £12m flotation

Xaar, a UK company which specialises in developing and licencing new technology for ink jet printing, plans to raise between £10m and £12m (\$19.6m) of new finance in a flotation this autumn.

Graham Wylie, chief executive since 1993, said yesterday that final details of the flotation had yet to be

However, Nomura International will be sponsor and lead manager for the placing, and Grieg Middleton has been appointed placing agent. Market capitalisation at the issue price is expected to be more than £60m.

Xaar, based in the Cambridge Science Park, was formed in 1990. Two directors, Steve Temple and Mark Shepherd, have had a leading role in the development of ink jet

printing technology. The company's business has primarily been obtaining beence and royalty fees from the sale of its technology. and the manufacture of print heads for specialised commercial applications.

The venture capital companies Prelude Technology and Si currently hold 50 per cent of the equity, the manage ment 2.5 per cent, and the rest is divided between other venture capital companies and institutions.

Mr Wylie, who was originally finance director, said that Xaar's customers included "several household Japanese brand names, as well as Nu-Kote, a Nasdaq-listed Dallasbased company, and Zeneca."

#### Dean aims for main market

Dean Corporation, the property services group traded on Aim, is preparing to list on the main market next month. The company, which will file its application for a listing in the next few weeks, hopes to raise about £3m. A third of this will be used to pay the deferred consideration for last year's acquisition of H Page Engineering Services, the environmental and building services supplier, while another £1m will be used to buy residential land for its bome-building business.

Stephen Dean, chairman, believes the move to the main market will help the company's fund-raising ambitions -something its Aim listing in 1995 has failed to achieve. "Aim has been a disappointment to us. We haven't raised a penny since we listed," he said.

Mr Dean said part of the funds raised next month would be placed in a "war chest" to fund future acquisitions. The company was looking to buy a company in the property services sector, he said.

The company's pubs and restaurant division is benefiting from the recent rush of pub refurbishments by breweries, while its maintenance division is enjoying orders from local authorities. Fiske, the house broker, forecasts pre-tax profits will rise more than 50 per cent this year to £1.4m-£1.5m and earnings per share will increase 20 per

#### Calidore shares suspended

Shares in Calidore, the UK equity capital provider which floated on Aim in February, were suspended last Friday at 3%p pending approval of the reverse takeover of Keystone Solutions, a computer software company which operates in the UK and New Zealand.

The initial consideration is £3:58m, comprising £580,000 cash and £3m in shares, with further profit-related payments over the next three years.

Calidore - which will change its name to Keystone Software - is proposing to consolidate its ordinary shares on a 1-for-20 basis; shares to be issued as part of the consideration have been credited at 70p, equivalent to a pre-consolidation price of 3%p.

Calidore has also placed new shares at 90p - equivalent to a pre-consolidation price of 4%p - to raise £1.5m to fund development.

GRAYSTONE has appointed Bob Wickham, currently a non-executive director, to succeed Dick Richardson, who has resigned as non-executive chairman.

■ JONES & SHIPMAN has bought an 80 per cent stake in Edgetek, a super-abrasive machine maker based in Conticut, for \$3.3m (£1.41m), \$2m in cash and the bala as loan notes. The company has an option to acquire the remaining 20 per cent on or after August 21 2000.

■ SARACEN VALUE Trust is considering a number of approaches which may lead to an offer being made for it. HSBC has not submitted improved proposals as requested by the Saracen board.

■ TINSLEY ROBOR is acquiring Pinepoint, a pre-press company, for a maximum £2.7m cash, with £1.7m payable on completion and the balance profit-related. ■ TOY OPTIONS is to change its name to The Character Group as part of its strategy of diversifying into non-toy

ZENECA AGROCHEMICALS has sold its Devrinol herbicide business ontside North America and Japan to United Phosphorus.

sortium. The retailers bave wel-

TO THE HOLDERS OF

OLYMPIA & YORK MAIDEN LANE FINANCE CORP. 10 1/2 Secured Notes Due 1995

NOTICE OF EXECUTION OF AGREEMENT IN PRINCIPLE WITH HOME INSURANCE COMPANY

On August 1, 1997, The Home Insurance Company ("Home"), Marine Midland Bank, as Successor Indenture Trustee (the "Trustee"), Risk Enterprise Management Ltd. and Mitchell E. Rudin, as Receiver for Olympia & York Maiden Lane Company LLC ("O&Y Maiden"), entered into an agreement in principle (the "Settlement Agreement" to settle the Invasit between Home, O&Y Maiden and the Trustee which is pending in the New York State Supreme Court for New York County (the "Rent litigation").

Home originally brought the lawsuit to obtain injunctive relief against O&Y Maiden to prevent it from terminating me's lease pursuant to default notices sent by the Trustee and O&Y Maiden. O&Y Maiden and the Trustee countermed against Rome for past due rent which, as of the date of the Settlement Agreement, exceeded \$40 million. The principal terms of the Settlement Agreement are:

Home has paid into escrew \$49,850,000 with Stroock & Stroock & Lavan LLP counsel to the ad hor Committee of steholders and special counsel to the Trustee, such funds to be held in escrew until the parties formally close the mascrion (the "Closing"), which is presently expected to take place on or before December 31, 1997. The funds will invested in Treasury securities until the Closing. The funds held in escrew (together with accrued interest; will be eased to the Trustee at the Closing.

eleased to the Trustee at the Liosing.

Home has consented to the irrevocable release to the Trustee of all funds currently held by Albert Sontag, the emporary Receiver of rents appointed by Judge Ryp. Home has previously deposited approximately \$10.7 million with he Receiver which will be paid to the Trustee, together with accrued interest less any fees and expenses of the leceiver allowed by the Court. The Trustee is seeking the immediate release of these funds from the Court.

Receiver answer by the Court. The 11 table is seeing the immediate release of these finds from the Court.

Home will assign to the Trustee is seeing the term June 1, 1997 through December 31, 1997 and thereafter, and will enter into a new lease with O&Y Maiden covering the term June 1, 1997 through December 31, 2000. Under the new lease, Home will occupy approximately 271,000 square feet through December 31, 1993, 1993 through December 31, 1993; and 147,000 square feet from January 1, 1999 through December 31, 2000. Home will pay rent at \$25.00 per square foot through December 31, 1999; \$26.00 per square foot from January 1, 1999 through December 31, 1999; and \$27.00 per square foot from January 1, 2000 to December 31, 2000.

through December 31, 1997, and \$27.00 per equare not from saniary 1, 2000 in December 31, 2000.

The settlement will be structured in such a way as to preserve the right of the Trustee to continue to pursue the action commenced by the Trustee entitled Marine Middand Bank u Zurick Insurance Company, Center Reinsurance International Company, Center Reinsurance Dublin, Risk Enterprise Management Limited, and The Home Insurance Company (the Translatent Conveyance Action) which also is pending in the New York County Supreme Court. The Trustee will seek to recover the balance of rent due under the existing lease with Home less amounts received under the above-described settlement. The defendants in the Franciscum Conveyance Action have filed motions to dismiss the complaint, to which the Trustee has responded. The New York Supreme Court is expected to decide the dismissal motions to the Fall.

The parties to the Rent litigation will release the claims and counterclaims asserted against each other in gation, but exclude from such releases the amounts the Trustee will seek to recover from the defendant

The Agreement is contingent upon, among other things, the parties' executing and delivering toutually acceptable, its diagreements incorporating the terms contained in the Settlement Agreement by no later than Angust 31, 1997, unless such date is extended by mutual agreement of the parties. Closing is scheduled to occur no later than December 31, 1997 absent a toutually agreed extension of time or in the event bankruptcy proceedings are commenced by or against 0 & Waiden and/or Olympia & York Maiden Lane Finance Corp. In the interim, the parties have agreed to stout the Remilities than

As all of the Notes are in bearer form, the Trustee does not have a complete list of all Noteholders in order to communicate to the holders from time to time, as necessary. Accordingly, we ask each holder who wishes to be added to the Trustee's list to contact Mr. Metin Caner, Vice President of Marine Midland Bank, 140 Broadway, New York, New York 10005-1180 (fax no. 212-658-6425) and indicate the holder's name, address and contact person.

The Trustee continues to work closely with the ad Acc Committee of Noteholders in effectuating the Settlement Agreement and to pursuing the Frandulent Conveyance Action. Holders interested in communicating with the Trustee should write to Mr. Caner at the address set forth above. Commel to the Trustee is David E. Retter, Esq. of Kelley Should write to Mr. Caner at the address set forth above. Commel to the Trustee is David E. Retter, Esq. of Kelley Drye & Warren LLD Counsel for the ad Acc Committee and special counsel to the Trustee is David E. Golden, Esq. of Stroock & Stroock & Lavan LLD Holders interested in joining the Committee are urged to call either Mr. Golden (at (212) 806-5423) or Mr. Retter (at (212) 808-7676).

#### given a subsidy to providers rules allow interest paydividend tax credit will of equity capital via the encourage UK companies, advance corporation tax sys-

The Financial Times plans to publish a Survey on

## **World Economy** & Finance

on Friday, September 19

This survey is published to coincide with the IMF &

World Bank meetings.

For further Information, please contact:

Hannah Pursall

Tel: +44 171 873 4167 Fax: +44 171 873 4296

or Tim Hart in New York

Tel: +1 212 752 4500 Fax: +1 212 319 0704

or your usual Financial Times representative

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FINANCIAL TIMES

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TO SUSTINE IN THE BANK

THE MOS

In the second Tronting THE WAY Assess To a second seco

Israel Chemicals, the export-driven

chemicals group, yesterday said rapidly growing sales of more prof-

itable products helped boost net

profits by 32 per cent in the first-balf of 1897, in spite of flat reve-

Net profits rose from \$39.2m in

the first six months of 1996 to \$51.9m in the first half of this year.

Revenues were unchanged at

\$826m over the same period. The

interim dividend of \$31.1m.

Rabobank

Rahohank, the Dntch

co-operative banking group,

nearly doubled its securities

broking income to F1320m

(\$156m) in the first half of

1997. It also benefited from

ties forged with Robeco, the

asset management company.

16.5 per cent to FI 994m.

broyed by a 43.3 per cent

boost in net commission

income to Fl 894m. Interest

income, reflecting its tradi-

tional operations rooted in

rural industries, was up 9.5.

That was slower than the

10.9 per cent growth in the

same period of 1996, but the

bank said: "For the first

time after many years of no

improvement, loans to the

primary agricultural sector

But it added that "the pull

which stock exchanges had

on investors", together with

its own deeper involvement

in the equities business, was

in large measure responsible

for growth. Raho has taken

a half share in Rotterdam-

based Robeco and has an

option on the remainder. Its

own securities offshoot was

rose slightly.

per cent at F1 3.74bn.

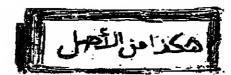
Interim net profits rose

lifted by

broking

By Gordon Cramb

company said it would pay a total.



**COMPANIES AND FINANCE** 

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WORLD GUIL

J. 1947

and competition tough. Outside the main industrialised blocs, such as in east Asia, Latin America and eastern Europe, rapid economic growth makes prospects a lot juicier. Bnt kets is highly expensive both in terms of marketing and production, and aeems

unlikely to produce short-term pay-offs. According to SKF, the Rolling bearings - which are ers," says Mr Augustsson. divided into two types, roller and ball bearings - go into are what SKF calls its Carb, just about every kind of or compect aligning roller machinery with rotating bearing, which it is promoparts, from cars to dish ting as the biggest innova-

## Israel Chemicals ahead at half-year

Revenues were flat, said Israel Chemicals, because the strong US dollar eroded the dollar value of products are exported.

But Yigal Dimant, chief executive, said profits rose because of period. growing sales from higher-margin Analy products, such as bromide compounds and phosphate fertilisers, which made up a larger portion of total sales.

Mr Dimant said the results ing programme, which included a results from subsidiaries Dead Sea

By Imogen Mark in Santiago

Endesa's \$1.5bn bid to take a

controlling 29 per cent stake in Enersis, the Chile-based

electricity group, is under

fire from minority share-

holders, who have chal-

offered by the Spanish

The deal is also threatened

by a rival bid for one of the

five power investment com-

panies - or Chispas - which

Chile Market Services, a

Chilean stockbroker, on Fri-

together control Enersis.

lenged

the price being

merger of two German subsid-

in the second quarter, net profits sales in Europe and the Far East. climbed 23 per cent from \$24.8m About 90 per cent of the group'a last year to \$30.6m this year. Revenues increased 4 per cent from \$413m to \$428m over the same

> Analysts said the results were in line with expectations. "These are good results," said Nir Elperin. chemicals analyst at Ilanot-Batucha Securities in Tel Aviv.

"Gross and operating margins reflected the successful restructurare are above expectations, due to good

20 per cent of Luz, one of the which would give Endesa

Enersis.

Operating profits rose 35 per cent

from \$80.8m in the first half of last year to \$109.1m. Earlier this month, Dead Sea Works reported a 30 per cent rise in revenues for the half year, from

\$169m in the first six months of 1996 to \$219m this year. Net profits were up 18 per cent from \$19.6m to \$23.2m over the same period.

Israel Chemicals also eaid its sultancy firm, to help implement a Exchange.

Works and Dead Sea Bromide," he comprehensive strategic plan for the group.

The Israeli daily Ha'aretz reported last week that part of the plan under consideration included a hreak-up of Dead Sea Works' main divisions into three independent components.

Israel Corporation, the holding company controlled by the Eisenberg family, holds a 42 per cent stake in Israel Chemicals and the government owns 32 per cent of hoard hed recently hired the group. Some 25 per cent is McKinsey, the international contraded on the Tel Aviv Stock

Endesa offer for Enersis under fire informed independent opinion on the offer," said Mr

> then we go ahead. But parallel offers put these condimittee. "But right now, the shareholders don't even get to Minority shareholders in Luz claim that the real price compare apples and oranges of their shares is closer to

Larry Ahraham, a US fund

manager who is leeding a

minority shareholder com-

it's apples or nothing." The shareholders group has said it wants to convene extraordinary meetings of each of the other Chispas to consider outright sales of the companies' stakes in Enersis

## Petronas buys stake in shipping group

day offered to acquire up to vately traded B shares, the entire operation".

control of the Chispas and

through them 29 per cent of

Endesa has offered to pay

220 pesos for each of the

shares in the other four

Chispas in the hands of non-

Enersis group workers.

Employees of Enersis compa-

nies will receive 260 pesos

per share under the Endesa

Santander Merchant on

Friday warned that the rival

"endangers the success of

By James Kynge in Kuala Lumpur

Petronas, Malaysia's national oil and gas corporation, said yesterday it had bought a 29.3 per cent stake in Malaysian International Shipping Corporation, the country's state shipping concern, in what is believed to be the first step in a compli-

cated privatisation scheme. Petronas declined to say how much it paid for the 293.5m shares it bought in MISC from Kampulan Wang Amanah Pencen, a civil servant's pension fund.

heels of protracted negotiaby Konsortium Perkapalan, an emerging road haulage and shipping company run by Mirzan Mahathir, the eldest son of the prime minister, Mahathir Mohamad.

Chispas, at 520 pesos a

share, compared with 490

pesos under the Endesa

offer. Endesa has set itself a

target of huying 50 per cent

of Luz'e A shares, or com-

mon stock, and two-thirds of

the stock in the four other

Santander Merchant.

adviser to Endesa, saye it

has firm agreements to buy

38 per cent of all the Chispas

except Luz. It also has an

agreement with 14 Enersis

executives who hold the pri-

Those negotiations were around M\$2bn (US\$722m), compared with the M\$2.2bn which Kampulan Wang is The deal comes on the believed to have paid.

industry analysts said tions for the acquisition of Petronas' acquisition of the the same 29.3 per cent stake MISC stake was unlikely to be permanent. It is more likely that the national oil company will sell on part or all of its holding to Konsortium when financial terms can be agreed, they said.

The transfer of the stake stalled by recent share price to Konsortium would bring falls which left Mr Mirzan's Dr Mahathir closer to realisbld price well short of what ing a crucial economic aim. Kampulan Wang paid for the By ensuring the lion's share stake in 1994, Konsortium's of the nation's transport offer valued the stake at industry is controlled by his son, he could hope to see progress in diverting to Malaysian ports an estimated 3m teus (20 foot Petronas said.

equivalent units) of Malaythrough Singapore.

Santander executive

Alonso Moreno said: "If End-

esa's requirements are met,

350 pesos, the market value

"If this were happening in

New York or London every

analyst in town would be out

with research the day after

shareholders would get an

tions in danger.'

of Enersis.

bid for the Luz chares the tender was made, so

Dr Mahathir regards the shipping costs through Singapore as a needless outflow of funds which contributes to a swelling current account deficit. Singapore's port handles about 12m teus annually.

There were clear signs in the Petronas deal that Konsortium remains in the picture. The oil company will collaborate with the Konsortium group for the "betterment of sea and land-based logistics" in Malaysia.

Petronas is an important sian cargo currently shipped nser of shipping services. especially in transporting cargoes of liquefied natural gas to Japan.

· Vans made with technology from Renault of France will be manufactured in Malaysia soon through a Malaysian, French and South Korean joint venture company. The vans will be made by

Industri Otomotif Komersial Malaysla, and will be in .Kuala Lumpur by October. Some 60 per cent of the van's content will be local.

but engines, transmissions and some other parts will come from Renault.

NEWS DIGEST

## Hicks Muse close to \$1bn radio deal

Hicks. Muse, Tate & Furst, a Texas buy-out company. wa yesterday said to be close to agreeing a \$1.1hn takeover of SFX Broadcasting, a US radio company, in a deal that would turn Hicks Muse into the higgest radio station operator in the US. According to US media reports, Hicks Muse was negotiating to buy SFX for about \$1.1bn in cash plus the assumption of \$920m in debt, and the parties were hoping to announce a deal this week. On Friday, SFX's Nasdaq-quoted shares closed \$1% up at \$67%.

If agreed, the deal would come just days after Hicks Muse announced a big expansion of its US television interests by agreeing to buy Lin Television, an operator of eight network-affiliated television stations, for \$1.45bn in cash. SFX, which is based in New York, has 71 radio stations in markets that include Pittshurgh, Nashville, Raieigh and Jacksonville. Hicks Muse already owns 241 radio stations across the US following previous investments in the broadcasting business. The Dallas-based Hicks Muse has completed or agreed more than 100 transactions with e capital value of more than \$22bn since its formation in 1989, but has recently leaned heavily towards investments in radio and television broadcasting.

Richard Tomkins, New York

TELECOM ITALIA

#### Unisource may take stake

Unisource, the telecoms joint venture of PTT Nederland, Telia of Sweden and Swiss Telecom PTT, may take a stake as part of a hard core of investors in Italy's Telecom Italia, according to the financial daily Il Sole 24 Ore. The paper, citing "authoritative sources", said the joint venture was likely to take a 1 per cent stake in Telecom Italia, ahead of its market privatisation later this year.

Government sources have said the Treasury was setting up a hard core of mostly Italian institutional and private investors for a total stake of some 15 per cent, But the names of some foreign investors have been mentioned as well, including Unisource and AT&T, the largest US telecom group, which is already a partner of Unisource, and which forged a global alliance with Telecom Italia. Foreign investors will be allowed stakes of no larger than I per cent, according to Il Sole, while no single company or investor will be able to hold more than 3 per cent.

Reuters, Rome

KIA RESCUE PLAN

#### 84 more executives resign

South Korea's troubled Kia Group said 84 executives in the group voluntarily resigned yesterday in an effort to help its self-rescue plan. "Since the group was put under creditors' protection in July, a total of 104 out of 340 executives have resigned," Kia said, In July, the group said it planned to reduce its work-

force to 44,000 from about 60,000 on the completion of its restructuring plan. It then said it would also cut the num ber of its affiliates to five from the current 28, through sell-offs, mergers and spin-offs. Reuters, Seou

## Change of culture at SKF

Ball-bearings maker switches from Europe in search for growth

or Peter Augustsson, chief executive of SKF, the Swedish company which is the world's biggest maker of industrial rolling bearings, 2007 is an important date in his calendar. SKF will be 100 years old - and Mr. Augustsson intends to be in place to

lead the celebrations. . Only 42, and in his current post for just over two years, Mr Augustsson has time on his side. His plans for SKF are based around stepping m investments in growth markets outside Europe, particularly in south-east Asia. "Last year we could have

milked the company and SKr300m-SKr500m more tban we did," says Mr Augustsson. But we chose to invest in projects with a longer perspective which will pay off later."

It remains to be seen whether SKF's investors will share the chief executive's patience. The company has been among the poorer per formers on the Swedish stock market; its shares have underperformed hy about 20 per cent in the past an estimated 100bn rolling two years although more recently have started to buck up slightly: Bearings is not an easy.

business and Peter Augustsson has the right kind of ideas," says Adam Hull, an analyst at HSBC James Capel in London. "But it'e about the price discipline in the industry." difficult to be convinced that the company is on the right

in 1994, after 16 years in The problem for SKF management and engineerand other big groups in the ing jobs at Volvo, the higgest Swedish car company. He is world's bearings business, including FAG Kugelfischer attempting to tackle the of Germany, the US'e Timken, and NSK and NTN poor external conditions at SKF in a variety of ways. of Japan - is that in most Accounting for roughly a developed countries bearings fifth of the \$20bn a year are viewed as commodity world bearings market, the company has started a programme to reduce costs and products. Demand is muted. increase productivity in its

worldwide plants, with the aim of making the company more competitive.

Many of its 30,000 employees, two-thirds of whom are in Europe, are being grouped into "customer groups" to make them more responsive to market demands.

bearings of all types.

"We can't look for price increases as the hasis for future growth, but must conaverage price of its products centrate on removing costs has risen by only about 1 per and getting new products cent a year during the 1990s. more quickly to our custom-Among the new products

washers. The world contains tion in the industry for 40 per cent of its total, while years. It reckons the Carb enables industrial machin-"The bearings makers are ery to run 15 per cent more creating a lot of value, but quickly, with consequent don't seem to be getting paid productivity gains. for it," says Bernard Horn, president of Polaris Capital The company has spent

Peter Augustsson: choosing to invest in projects with a longer perspective

some SKr5bn (\$629m) in the Management, a Boston-based past two years boosting facinvestment group. "I worry tory investment, with a large chunk adding to production in what it sees as growth markets - the US, Poland, Mr Augustsson joined SKF India, Malaysia and Sonth

> ver the same time the company has also established five joint ventures in China, in what many believe will add up to the world's second or third higgest market for bearings early next century. Mr Augustason admits that in recent years the com-

pany has had too much of its production in the wrong place - in western Europe, where demand has been flat instead of in south-east Asia, where bearings sales are expanding at up to 10 per cent a year.

Last year, when SKF turned in net income of SKr2.4hn on sales SKr33.6hn, he reckons the cost to profits of this failure to be geared to growth markets was around SKr200m. However the investment

few years, he wants to dou-

ble SKF's sales in Asia,

which currently come to 13

pushing up revenues from North America (now accounting for a fifth of SKF's turnover) by 50 per

Sales from Western Europe - which provides 55 per cent of SKF's revenues will increase by no more than about 3 per cent a year, on Mr Augustsson's plans. The final area of strategy

is to concentrate more on "customised" bearings products, in which SKF can use its engineering skills to help solve a specific market problem, and accordingly charge a higher price.

An example could be a specialised component for truck axles, made under contract to a vehicle producer, and where SKF puts the basic bearing inside a spe cially engineered anbsystem, increasing rotational efficiency and cutting fuel

"The added value is

greater; the skill is to sell our expertise as widely es son. This underlines his general theme of switching the internal culture of SKF to ensure the "customer'e voice comes over loud and clear". He hopes to ensure that when SKF ultimately holds its 100th birthday party, it strategy should gradually will be in better shape than put this right. Over the next now to prepare for its second

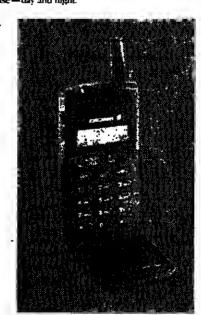
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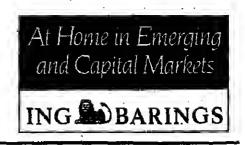


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#### Global Investor / Peter Martin

## Bond ratings put to the test

about that, look at the chart of formerly highly-rated alongside, which is a snapshot of data\* produced by skids at the time the mea-Moody's Investors Service, surement began. But the 10tha bond-rating agency.

If you look at all the corpo- more favourable. Over this rate bonds issued between 1920 and the present, you see the pattern indicated in the chart. Over any 15-year period, only 1.1 per cent of the issuers originally rated thing from missing a pay-Aaa - Moody's top rating - went into default. By contrast, 41.1 per cent of the issuers initially rated Caa or poorer were in default by the

The high default rate for such junk bond issuers slightly exaggerates the hard for such low-rated issu- Carty, who wrote the study,

companies that were on the year pattern is only slightly

period, 36.9 per cent of the

issuers originally rated Caa

or lower went into default.

Default is a wide-ranging term - it could indicate anyment to bankruptcy. The figures are none the less enough to give any but the most enthusiastic junk-bond advocate a moment's pause.

The fundamental question they raise is whether the higher yields of low-rated paper compensate for the higher risks. Moody's Lea an investor with a diversified portfolio". He sounds one word of

caution, however. The evidence he is referring to is based on 1980s data, when spreads were significantly widar than today. The median spread on junk bonds is now 303 basis points (3.03 percentage points), compared with 360-370 basis points in the late 1980s. "The spread has tightened by between 15 and 20 per cent," says Mr Carty.

Huge quantities of low-rated debt are being issued at these narrow spreads. This year has seen more than \$20bn of Caa-rated debt suggests that companies in brought to market. Such the same industry, or in the issues - from issuers such as same country, are more

in the life of a corporate So the 15-year rating history have seen," he says, "is that sion systems or casinos - movements in credit quality bond. If you have any doubt largely reflects the progress the spreads do compensate are extraordinarily vulnera- than those that do not have ble. "If you see a stock mar- these factors in common. To ket drop or financial market conditions deteriorate," says Mr Carty, "it's not enough to Mr Carty, "you will see a lot have a lot of assets - you of Caa Issuers in default have to have a lot of uncorwithin a year."

A related point is the extent to which it is possible to obtain genuinely diversiterms of rating quality, they will all move together in response to external atimuli.

This is a controversial issue on which it has previously been hard to obtain good data. The Moody's study provides an insight. It

Fifteen years is a long time ers to obtain 15-year money. is sanguine: "The evidence I grocery stores, cable-televi- likely to undergo similar related assets." There is one other lesson

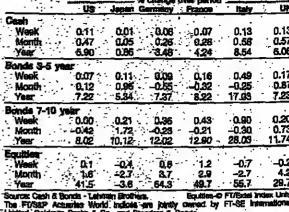
> in the Moody's study for anyone building a big portfofied portfolios of junk debt. lio of high-yield, low-rated if the securities in your port- bonds. It reveals a striking folio are highly correlated, in historical pattern: there were huge numbers of bond issuers in the 1920s and to some extent in the 1930s, followed by a 50-year slump. "It was not until 1994 that Moody's again rated as many corporate issues as it did in 1920," says the study. In fact, the number of US issuers of corporate bonds rated by Moody's is still well below

Default rate on bonds Over 15 years (%)

the figure for 1920; only a surge in the number of international issuers pushes the overall total above the level of 77 years ago.

In the intervening period, tight regulation of the sort of securities investment institutions could buy pushed low-rated borrowers out of the public debt markets, and into the hands of the banks. Only in the last couple of decades has this trend been above 8,000, the Dow Jones July 1997.

Total return in local currency to 21/08/97



reversed, leading to the Industrial Average is in explosion of junk borrowing. haps the past approach stifled too many potentially fruitful busines

The change is a dramatic ona, however. It means that the credit-quality lessons of the period from 1930-1980 are only partly relevant to investors buying today'a junk bonds. Everyone knows that.

that the corporate bond mar-

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Email: peter.martinalFT.com \*Moody's rating migration and credit quality correlation Global Credit Research Special Comment. Moody's

Compiled By AFX News

#### **COMPANY RESULTS DUE**

#### **Novartis** reports first half since merger

pharmaceuticals group, is of SFr2.5bn (\$1.69bo) to SFr2.6bn in its first balf results on Thursday.

There are no comparable oet profit figures for the same months of last year because these are the first balf-year figures since Novartis was formed through the merger of Ciba-Gelgy and Sandoz, Last month, Novartis reported interim sales of SFr16,56bn from a pro forma SFr13.9bn

cals, estimates first-half net profit at SFr2.516bn. The market is expected to focus on news related to operating margins and restructuring.

"Restructuring measures are progressing at the rapid pace the company had indicated," Pauchard said.

Genghis Lloyd-Harris, a pharmaceuticals analyst with Credit Suisse First Bosexpected to report net profits ton in London, sald be expects Novartis to report net profit of SFr2.63bn on an operating profit of SFr3.40bn.

> Fortis, the Dutch financial Acer, the Taiwanese comservices group, is expected to report first half net profits on Thursday of Ecu439m (\$470m) to Ecu549m, up from Ecu366m a year earlier. Fortis Amey net profit is forecast at Fl 478m-Fl 504m

from F1 398m a year earlier,

with earnings per share up at Fl 2.61-Fl 2.75 from Fl 2.19, Albert Pauchard, analyst they predicted. In the first quarter, gen-

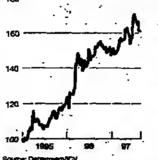
insurance was Spain and Belgium, and the comparison basis for the second quarter is not very favourable, as the 1996 number was a record profit for

In banking, the group expects a positive contribu-MeesPierson of F10.30-F10.35 a share, while the recovery of Dutch VSB Bank should have continued in the second quarter.

Fortis.

puter group, is expected to report first half to June net profit of between T\$1.1bn (\$39m) and T\$1.4bn, down from T\$1.71bn a year earlier. on the back of a poor performance at its US units, dealers said. The results are expected to be released after a board meeting on Aug 29,

## Novartis



company's full-year net profit forecast. Acer forecasts 1997 net profit rising from T\$3.06bn to T\$4bn a year earlier on an

increase in sales from

T\$57.52bn to T\$77.7bn.

■ Koninklijke Bols Wessabut are unlikely to be accom-panied by a revision of the ls expected to report on

# Rolls-Royce

Wednesday half-year net profit from ordinary operations of between F1 72.5m (\$36m) and F188m, against Fl 68.9m a year ear-

reflect the stronger dollar, and the positive effects of a restructuring last year, for cent of the previous full-year which the company set aside figure. The 1996 full year div-

FI 14.5m in provisions in the 1996 second balf. Analysts said that the six months results will benefit

from a favourable comparison base, adding that the year-earlier results showed a fall in bottom-line net profit to F163.5m, including a Fl 5.4m extraordinary loss relating to the disposal of the German distilling unit Strothmann's, from F187.9m in the first half of 1995.

Dutch banking group ING Group is expected to report on Thursday net profit for the six mouths to June 30 of Fl 1.83bn-Fl 1.91bn, up from F) 1.51bn a year earlier, according to analysts' forecasts. They axpect ING to raise its first-half dividend to Fil from Fi0.83 a year ear-Profit growth should lier, in line with its usual practice of declaring an interim dividend at 50 per

Matsushita Blectric of Japan is expected on Wednesday to announce a first-quarter to June pre-tax profit of Y55bn-Y65bn, up from Y50.7bn a year earlier, analysts said.

The company benefited from a weak yen and strong electric parts sales, compled with firm demand for cellinlar phone handsets and car

group, will be on trial for its. independence when it reports interim figures on Thursday. Brokers are expecting pre-tax profits in the range £75m-£80m, down a touch from last year's £83m, thanks largely to the strength of sterling.

The figures will be the first in a long time to be free of provisions against liabilities arising from T&N's roots

as a processor of asbestos. But a series of false dawns over the asbestos problem has left investors sceptical and whetted the appetites of

■ Interim figures from Rolls-Royce on Thursday are expected to reveal the extent of the recovery in aircraft deliveries. The company reported an interim pre-tax sions, Analysts' pre-tax T&N, the engineering profit forecast for the six months to June 30 range from £110m to £148m.

Rolls-Royce has a strong position in Asia, and the sion there. However, marthe civil aviation sector, and there will be interest in the company's military order

## ABN-AMRO Holding N.V.

established at Amsterdam

**INTERIM DIVIDEND 1997** 

The Managing Board of ABN AMRO Holding N.V. herewith announces that it has been decided, with the approval of the Supervisory Board, to distribute an Interim dividend for the 1997 financial year of NLG 0.53 par ordinary

The interim dividend will be payable, at the shareholder's option, either wholly in cash (minus 25% withholding tax) or wholly in ordinary shares of NLG 1.25 value chargeable to the share premium reserva. The value of the stock dividend will not differ significantly from the value of the cash dividend.

On Septamber 12, 1997, after the close of trading on the AEX-Stock Exchange, the number of stock dividends entitling to one new share, will be determined on the basis of the average quotation for that day.

The new ordinary shares, available only in CF-form, rank for the final dividend for the 1997 financial year and the full dividend for ensuing financial years. Interim dividand taken in the form of ordinary shares is chargeable to the share premium reserve and therefore exempt from Dutch withholding and income tax.

No trading of stock dividends will take place on the AEX-Stock Exchange.

The calendar is as follows:

August 22, 1997 August 22 - September 12, 1997 September 12, 1997 September 19, 1997

: Ex-dividend quotation

Period for instructions concerning dividend options

Determination of stock dividend Interim dividend payabla

Shareholders are requested to notify their choice within the determined period, through their bank or stockbroker, to ABN AMRO Bank N.V., London or directly to ABN AMRO Bank N.V., Herengracht 595, 1017 CE Amsterdam, the Netherlands. If you, as shareholder, do not notify your choice at your bank within the determined period, generally your bank or stockbroker will make a choice for you. Your bank or stockbroker is asked to deposit your dividand rights at ABN AMRO Bank N.V., Herengracht 595, 1017 CE Amsterdam before closing of the AEX-Stock Exchange on September 12, 1997.

Paymant of the cash dividend to your bank or stockbroker will be based on the number of dividend rights presented for cash by it within the determined period. Delivery of shares to your bank or stockbroker will only occur on tha basis of the number of dividend rights deli-

vered by it on September 12, 1997, the possibly remaining fraction will be settled in cash. The ordinary shares which fall dua against non-deposited dividend rights will be sold after September 12, 1997

and the net-cash amount, will be kept available to holders who have not yet presented their dividend rights.

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The ordinary share final dividend will become payable as of September 19, 1997.

ABN AMRO Holding N.V.

Amsterdam, August 21, 1997

## Brazil keeps investors guessing International offers are a The CVRD sale was sched-dinators and co-managers. can be confident of bealthy rare event in Brazil. 30 uled for November, the Matters of timing, and of demand this has been a big

INTERNATIONAL EQUITIES By Jonathan Wheatley in Sao Paulo

plans to sell large minority stakes in two recent stars of Companhia Vale do Rio Doce (CVRD), the mining group Janeiro electricity company privatised a year earlier.

The sale of the government'a remaining 31.5 per cent of CVRD's voting stock completes Latin America's biggest privatisation and is a huge operation in itself. At today's prices, the shares bave a value of about R\$2bn (\$1.8bn). The Light sale is worth about R\$1.2bn.

Neither sale is expected it came as a surprise when local press reported last week that the BNDES, the National Development Bank which runs the privatisation programme, had finalised confirmed only the appoint- control?" the model for both offers.

seas as ADRs and the remainder in Brazil. They its privatisation programme: said global co-ordinators were Merrill Lynch and NM Rothschild, with Goldman whose control was sold in Sachs and Morgan Stanlay May, and Light, the Rio de as co-managers in the US. The local offer would be coordinated by Bradesco, Brazil's biggest bank, with the help of 23 local and foreign financial institutions. The Light sale would take place at the same time along similar lines, with Goldman

Sachs as international co-or-

But things are rarely as clear-cut as they may seem in Brazil and, despite appar-BNDES official, they were denied on Friday by Luis Carlos Mendonça de Barros, the BNDES's president, who ment of international co-or-

investors will be looking reports said, with 80 per cent how many shares would be year for equity funds, which kets, remained to be decided. In the case of CVRD, one other question remains unanswered. CVRD has ADRs representing its pref-erential shares, which have greater liquidity than the voting shares that make up the forthcoming offer. It is

> the offer, and whether investors will be asked to bny ordinary shares on their own, or "units" representing one ordinary and one preferential share. "The outcome of the offer is complicated by the fact that CVRD's ordinary shares

> unclear what shape the ADR

programme will take after

before the end of the year, so ent confirmation of tha aren't very attractive to reports from a senior international buyers," says one analyst in Sao Paulo. "Why should they buy them if liquidity is low and there is no prospect of gaining

At home, the government

migration away from fixed income funds as domestic interest rates have fallen.

71.

On international markets gauging the success of an offer so far in the future is much trickier. One group of potential buyers is international funds which may trade only on the New York Stock Exchange. David Chon of Bear, Stearns in New York, reckons the size of the offers makes these "world class assets" that will appeal to investors beyond those who specialise in Latin America. But the offer's success will still depend on fac-

tors affecting the region. The fundamental case for Latin America is strong," he says, "but corrections on and Asia have curbed enthustasm for the region. We're in a global air pocket on equity markets right now."

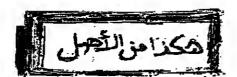
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	ı	The World Index (2458) 256.99	14.8	237.37	190.71	242,80	231.00	18.0	1.80	259.12	242.02	182.59	248.14	233.74	267.21	207.64	212.75

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#### **MARKETS:** This Week

Volatility has become the keynote of US markets. The Dow Jones Industrial Average took equity investors on a wild ride last week, gaining more than 100 points on each of the first three days, only to tumble more than 100 points on the fourth. Then on Friday, the index plummeted by 177 points, only to recover nearly all its losses in the final hour of trading.

BARING

carresul to \$1.5%

Compacting

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7

The sharp swings reflect intense nervousness in the markets about how much the longer the bull run in equities can continue. The economic backdrop remains favourable, but investors believe it is only a matter of time before things deteriorate.

Adding to the anxiety is the looming anniversary of the October 1987 crash, bringing back memories of how the last bull run ended. Today marks the 10th anniversary of the day the Dow peaked in the run-up to the crash.

With few decisive economic statistics due this week, more wild swings are possible as the markets search for direction. The most decisive event may be the publication of the revised figures for second-quarter gross domestic product, due on



Analysts are expecting the preliminary figure of 2.2 per cent to be revised sharply upwards, to 3.3 per cent indicating that the supposed economic slowdown of the second quarter was illusory.

On the other hand, figures for July's durable goods orders, which are due for release tomorrow, are expected to ahow a modest rise of 0.2 per cent, and the figure for July new home sales, due on Friday, is expected to be down from 819,000 in June to 812,000.

#### returning after the August bank holiday weekend will need to have been refreshed to cope with the wild swings in sentiment in the London

market. And they must be hoping that the long hot summer, which brings with it only lightly-manned trading desks and resulting exaggerated share price

movements, cools down pretty quickly. There was no let up in the stock market's pressurecooker atmosphere on Friday, when London, and the rest of Europe, fell sharply in the wake of Wall Street'a latest three-figure fall. This was followed by yet another bout of weakness in US atocks on

Friday after the European

The London market

markets close.

proved remarkably resilient in the face of the 247 point fall in the Dow Jones Industrial Average, with institutions apparently reluctant to sell any sizeable amounts of stock. That stock had proved difficult to huy in the market'a run up to record levels, dealers said and the institutions simply sat on their hands after

The main worry for both gilts and equities might Dow's big fall. It is a thin week for ITK come from bond markets. economic news, with global which showed signs of trade figures for June and cracking last week.

#### FRANKFURT By Andrew Fisher

Expectations of an early rise in a key Bundesbank interest rate have risen with news of higher import prices as a result of the strong dollar. However, the US currency fell on Friday, taking some pressure off the German central bank.

5.75

4.200

4,150

per cent

10

15. 18 19 20 21 22

preliminary August inflation

data to show a west German

confounded doomsayers with

a correction rather than a

4,000 - but Friday saw

Street. This week sees

interim figures from

collapse last Monday - with

the DAX index briefly below

another sharp fall under the

influence of a nervous Wall

Luftbansa, Deutz and Krupp

too from the broader econ-

omy with second-quarter

GDP due for release. Buoyed

by consumer spending, first-

quarter growth of 2.1 per

cent is projected to expand

to 3 per cent.

ZURICH

ACho (Prev. WN)

17.50

Div. Yield (%) 97e/96

rate of 1.9 per cent and one

for the whole country of 2

German equities

The bank held its interest rate fire at Thursday's post-holiday council meeting, mindful of volatile capital markets and the risks of upsetting economic recovery. But leading council members have warned that price trends are moving in the wrong direction. July import prices were 4.2 per cent higher on the year, the steepest rise since 1989.

Economists are still divided on when the bank will act. It increased its scope for manoeuvre by deciding to announce terms of the securities repurchase (repo) tenders each week instead of fixing them in advance. Thus the 3 per cent repo rate could be allowed to

edge up.

OTHER MARKETS Compiled by Jeffrey Brown

Growing evidence of more robust economic growth and stronger price trends could force the Bundesbank to act soon, says Eckhard Schulte, economist at IBJ Research. We think that within the next four weeks a switch in the repo policy will occur." He expects this week's

#### TOKYO By Gwen Robinson

Bonds and equities are expected to stay on contrasting paths this week, with government bonds continuing their recordbreaking run while tha equity market languishe

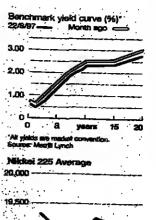
The Nikkei 225 took another dive on Friday, alling 2.7 per cent to 18,650.17, its lowest level since late April.

Analysts said too many negative factors converged at one time, including New York's erratic performance, growing concern about the domestic economy and recent corporate failures, as well as the approach of the interim book-closing period at the end of September. Most Japanese companie

have March-end husiness years, and institutional investors often sell high-priced stocks to take profits in August and early September, ahead of their book-closings. Given its recent

performance, the market is more vulnerable than usual to the shift to the sell side. Analysts say continued selling could drive the Nikkei towards 18,000 this

The next sign of Japan's economic health and consumer sentiment will be today's publication of July vehicle sales and national department store sales.



Economists expect the trends to remain weak, reinforcing the view that consumption is still suffering the effects of the April sales tax increase.

15 12 19 20 21

Japanese government bonds, by contrast, are expected to continue their hull run after last week's record highs. The key 10-year JGB rose 0.04 on Friday to 106.58, while the yield fell to 2.050 per cent after reaching a record intraday low of 2.040 per

#### MODIFICES BY GOLDING TO THE

## LME in aluminium squeeze

tightness in aluminium this squeeze, according to resulted in some 36,000 specialists, is derivativestonnes of metal being delivered into London Metal to fundamentals. Exchange warehouses last week. By Friday, LME net believed to be traders who stocks were 20,000 tonnes higher at 678,500 tonnes, the extra aluminium being attracted as a direct consequence of the current

futures-related "squeeze". Some analysts suggest that perhaps as much as 50,000 tonnes more will find their way into LME stocks

At first sight this is puzziing, as there is no global shortage of aluminium. though analysts at GNI Research argued at the start of August that a shortfall

The three-week long might develop by 1999. But driven and largely unrelated

> Targets of the squeeze are have granted large volumes of uncovered call options (options giving the buyer the right to purchase a particular futures contract at a specific price within a specified period of time) at \$1,700 a tonne.

Speculators have sensed an opportunity, and have been buying aluminium futures in the bope they can profit by driving the price above that level.

As the traders granting the call options try to cover

have to deliver the metal those betting against them hope that prices will go even higher.

> Thus the influx of aluminium into LME warehouses has a significant bearing on which aide, ultimately, will

Some analysts believe

there might be as much as 600,000 tonnes of aluminium - some 3 per cent of annual global capacity - beld in non-LME stocks. Depending on bow long and strong is the market's

present backwardation - a price premium on metal for immediate over that for future delivery - we may yet see even greater quantities of the metal being shipped their positions - in case they into LME inventories.

#### **PARIS**

French sbares will spend this week tracking the currency markets and the Bundesbank for clues to the next move in German interest rates, as well as peering ahead nervously to the looming results season.

FTSE All-Share Inde

15 18 19 20 21 22

non-EU trade figures for

But there is no shortage of

corporate news on the schedule, including interims

from FTSE 100 constituents

important company news is

Rolls Royce, Ladbroke and

Reckitt & Colman. Other

forthcoming from Marley.

WH Smith, Thistle Hotels

and Hammerson.

July on the agenda.

2300

2290 -

The latter gets under way in earnest from the beginning of September, with the Total and Elf Aquitaine oil giants among the earliest companies to announce sixmonth figures.

Interest in the sector was sparked last week hy news of Elf's important oil find in Angola.

Selected hanking shares also rose above the general somnolence - voluma fell short of 9m on a couple of sessions .- with takeover talk picking out CCF and BNP

But markets mostly traded Results news will centre sideways. In fact, the leading on interim figures from CAC 40 index has swung financial groups ING and fairly narrowly either side of Fortis on Thursday and publisher VNU on Tuesday. 3,000 since July 1 and bro-Strong numbers are widely kers see little immediate scope for any radical change There should be good news of heart until tomorrow's

ment is out of the way. Mainstream corporate news is thin on the ground. On Friday, consumer products leader L'Oreal is due to preview its interim results.

Bundesbank repo announce-

#### AMSTERDAM

Last week's no-change signal Another volatile week is in on German interest rates prospect as the tue of war from the Bundesbank continues between investors allowed the Dutch market to who believe the market has notch up the hest perforfurther upside potential and mance of the week, turning those content to book profits after the 50 per cent advance a loss of more than 10 per cent on the AEX index into a 1 per cent rally. Trading is likely to remain volatile. Group, which plans a merger 1998

On the corporate front, CS

with Winterthur Insurance. will flesb out first-balf results on Wednesday; providetailed first-half figures are expected from Novartis.

At CS First Boston in Zurich, Josef Scherrer warns that the risk/reward ratio for the equity market has continued to deteriorate and is

now at its worst since 1993. He sees a relatively high chance of a big cyclical correction, with the SMI index down to 4,900-5,000 over the next three to six months. peak of just over 6,000 points in early July and 5.475 at Friday's close.

Further ahead, Mr Scherrer expects economic revival to lead to a resumption of upward progress for shares by the second quarter of

#### **HONG KONG**

The first public land auction sional figures came on under the new government August 11. On Thursday, could restore some much needed faith in Hong Kong equities, whose Hang Seng index fell 4 per cent last week after a renewed out-

break of currency scares. Three sites will be sold on Wednesday, including a rare site in Repulse Bay which is expected to attract keen hidding from developers. Brokers calculate that the auctions, which will provide an important test of confidence That would compare with a for property shares, will bring in \$5bn.

> An undertow of hullishness is being provided by H-shares, the shares of Hong Kong listed mainland China companies. The H-shares index rose 2.9 per cent on Friday for a three-day surge of more than 18 per cent.

## Bundesbank keeps up variable guessing game

into this week. Since July, its council has been threata variable-rate repo, under which, traders beheve, rates threat has been enough to buoy the D-Mark.

Last Thursday, at its first variable-rate tender. meeting after a four-week break, the council renewed edging up without Germany

The Bundeshank has the threat Instead of fixing raising interest rates. The markat on the hop going the repo rate, as it usually does, it said it would delay setting the conditions for its ening to shift from a fixed to money market operations until tomorrow.

Traders believe it will now would creep up from their set repo conditions weekly. current 3.0 per cent. The Therefore, they will worry avery week about whether the hank will announce a

The D-Mark is therefore est rate hike itself."

currency is now at the top of its recent range against the dollar, at about DM1.81. Carl Weinberg, chief econ-

omist at High Frequency Economics in New York, says: "To draw upon the phraseology of another famous German writer, may we suggest that fear of rate hikes is worse than an inter-

Few expect a variable ten-

der to take force tomorrow but traders will seek more clues in a speech by Hans Tietmeyer, Bundeshank president, to the International Business Journalists

Wednesday. Wednesday could be a bad visible trade balance for June and its non-European are due.

The figures could show sterling's 12-month rise has begun affecting UK exports Orders are already at their lowest since November 1992 according to the Confedera-Forum in Frankfurt on tion of British Industry.

In the US, preliminary second-quarter gross domesday for sterling - the UK's tie product figures on Thursday, and personal income and consumption figures for Union trade balance for July July on Friday should attract some notice

#### CROSS BORDER M&A DEALS MCI (US) \$17bn Price agreed Rhône-Poulenc Rorer (US) **Pharmaceuticals** \$4.6bn Rise for minority Fujitsu (Japan) Amdahl Corp (US) \$850m Increased offe Banco Noroeste (Brazil) Banking \$500m LatAm expansion DH Technology (US) Printing equip \$175m FDS (France)/van der Logistics \$147m Bid for No 1 Heijden (N'lands) KLM (N'lands) Braethens Safe (Norway) \$94m Extends alliances Albright & Wilson (UK) A & W Troy (Mexico Chemicals \$37m Lifts joint venture stak Asian Paints (India) Paints \$35m Stake need Indian OK BICC (LIKYNKE (Nilsmds) Kalser Two Kabel (JV) Cables n/a **Cutting losses**

SIGMA SECURITIES S. A. - MEMBER OF THE ATHENS STOCK EXCHANGE REUTERS PAGES: ATGG-H-I TELERATE PAGES: 17890-1-2 TEL: (301) 3354100 - 3311456 - 3245674 FAX: (301) 3252241 - TELEX 210733 ATRA GR ATHENS STOCK EXCHANGE August 18th - August 22nd 1997 GDP (USD bn) 97e ARE NOEX Per Capita Income (USD) 10,960 %Chg (31/12/98) 70.63 EPS GROWTH 64) 974 relation Rate (% Y.O.Y. July 197 540 Yearly High 1755.68 P/E 97e / EPS CROWTH (%) 97e 0.57 August 12 M T-BE (%) 9.50 Yourly Low 932,38 P/CE 976/956 11.7/14.2 1-Month Athlbor (%) 11.83 WEEKLYVOL (LEDIN) GPD/US\$ (August 22, 1987) 157.40 P/BV 97e/95e 3.3/3.7 286.39

#### FT GUIDE TO WORLD CURRENCIES

3.

below gives the latest available rates of exchange (rounded) against four key currencles on Friday, August 22, 1997 . In some cases the rate is nominal. Market rates are the average of buying and saling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencles to which they are sted. Z STG US S D-MARK US \$ £ 510

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#### INTERIM REPORT

SPARBANKEN SVERIGE WITH FÖRENINGSBANKEN JANUARY - JUNE 1997

3.9/3.

## Improved operating income

- Operating income rose by 23% to SEK 3,684 M
- Commissions net rose by 28% to SEK 2,082 M
  - Expenses rose by 4% to SEK 2,117 M The loan loss ratio was 0.4%
    - Earnings per share SEK 7.56 Return on equity 20.4%

SPARBANKEN SVERIGE

Föreningsbanken

A.S.E. Merket Capitalisation - 22/8/97 (USD bn) IPOs & Rights Issues (in USD m).Jan 1 97-Aug 22 197

35.45

The report can be requested from Sparbanken Sverige, Investor Relation fax Int. +46-8-723 71 32. The report is also published on the Bank's homepage on the Internet www.sparbanken.se

## Indian bulls take a breather

After a bull run through the summer, the Bombay stock exchange seems to be heading for a period of volatility, as uncertainty over a rupee depreciation and a rise in the price of petroleum products dampen investors' enthusiasm.

However, with the beginnings of an economic recovery expected by the autumn, brokers are predicting that the market could resume its upward trend.

The BSE-30 index fell 155 to 4.165 last Monday, the first day of trading after the four-day Indian Independence Day boliday. The slide continued through tha week on beavy profit-taking by FIIs (foreign institutional investors). On Friday, the BSE closed at 4,047, down 109 points on the week. Overall, the BSE has lost 12 per cent since August 5. ben it reached a 34-month high of 4,548 points.

downward pressure is being driven primarily by FIIs seeking to avoid an erosion of their profits by currency depreciation. The rupee began to slide on August 22, after I.K. Guiral, the prime minister. Was quoted as saying that the finance ministry on the likely impact of a fall and the Reserve Bank of in the value of the rupee.

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World (449) ...

Latin America Argentina (22) Brazii (22)

Chile (21) Colombia (12)

Venezuela (7) Latin America (122)

Europe Czech Rep.(18)

Portugal (18) Russia (9) South Africa (28)

Egypt (16) Greece (19) Poland (28)

Turkey (27) Europe (163)

China (33) Indonesia (26) Korea (27)

Philippines (22)

Asia (198) .

Mexico (26)

Peru (12)

Indices (rebased)

India were planning a curreocy band within which the rupee would be allowed to move freely. Although the RBI dismissed the report as "misleading," the rupee fell to Rs36.2 against the dollar last Thursday from Rs35.7 two days earlier.

Analysts believe the prime minister's comments were Brokers say the current intended to induce a marketled rupee depreciation. "These people are talking down the rupee because there is tremendous pressure from the export lobhy," said Vipul Dalal, of Bombay broker Alpic Securities.

But there is no consensus

ING BARING SECURITIES EMERGING MARKETS INDICES

-3.64

+0.69 +5.57 -6.25 -1.36 -2.94 -31.24 -1.42 -4.58 -2.88

the rupee is overvalued by as much as 6 to 12 per cent, hampering India's export competitiveness, others fear a devaluation will fuel inflation and make India's import bill harder to bear. Meanwhile, currency jit-

While some economists say upward trend in the market,

as an economic recovary

begins by the late autumn.

Growth in industrial produc-

tion, after languishing at 2

to 3 per cent, is estimated to

have picked up to 4-5 per

also say the acquisition of

capital goods is slowly ris-

ing, an early sign of recov-

ery, and new projects are

India's monsoon has also

been satisfactory. Although

first-half corporate earnings

are not expected to be

impressive, they are likely to

be stronger in the second

half, as the impact of

increased liquidity and a

good monsoon translate into

Earnings per share may

grow between 10 and 12 per

cent, compared with 5 per

cent last year. But political

instability remaina an

The United Front coalition

depends on the Congress

Party to stay in power but

the latter only aupports the

UF because it cannot move

stronger growth.

unsettling factor.

getting off the ground.

Machine tool importers

cent in April and May.

ters were exacerbated by an announcement from the ruling United Front coalition's steering committee of its tacit assent to an increase in the price of petroleum products. The markets are believed to have already discounted the move, but uncertainty remained about whether it would be accompanied by structural reforms

of the petroleum sector. Until the currency situation and details of the petroleum price rise are clarified, heavy selling is expected to continue in the equity market, with the BSE possibly dipping to as low as 3,800.

However, brokers say the downward pressure will not last long, as FIIs are expected to re-enter the market and accumulate selective stocks at lower levels.

"It's a short-term over-reinto the government and action to everything," said fears a battering if it decides Chetan Ahya, economist for to face the electorate. Caspian Research India.

In the medium term, brokers still expect a general

Year to date

Percent

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Actual

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+33.57 +107.81 +58.93 +86.79 +37.59 +239.58 +28.55 +56.85

-20.45 +48.35 +60.31 -22.22 +53.23 +297.87 +8.94 +38.49 +21.74

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+21.87 -34.52 -0.85 -32.71 -11.86 -30.53 -5.60

Meanwhile, tensions and rivalries within the coalition are increasing, which could prompt either a realignment of forces or a political deadlock and a new election. In spite of the govern-

ment's apparent weakness, its collapse would be expected to cause an immediate downward correction. The turmoil in south-east

Asian markets is also adding to the uncertainty in Bombay, as FIIs, which have considered India a bargain trading at a prospective 1997 p/e of 14, reconsider wbether Indian equities still represent a good deal. "Over the last three to six

months. India bad been looking relatively attractive by comparison with other markets in the region," says one broker. Now, be says, FIIs are likely to re-evaluate their strategy. But brokers say any sudden downturn should be viewed as an opportunity to eccumulate stocks in a market likely to perform well in the long-run. INTERNATIONAL BONDS

## Summer sees no let up for **Treasuries**

Remember when summer among three-month and sixbrought a welcome respite to financial markets? It really sury uses to adjust to wasn't all that long ago when trading in US stocks and bonds took a breather for at least a few weeks during the hazy days of July and August. Instead, volatility in the Wall Street equity

markets has continued nonstop, with Treasury trading How prices and yields will only slightly calmer. Analysts say the last two years have seen a aharp increase in aummer Treaaury volume. According to

GovPx, the New York-based Treasury data service, the average daily trading volume of five of the six largest Treasury brokers is at \$79bn. so far this in August, compared with an August average of \$72bn in 1996 and **\$65bn** in August of 1995. Analysts confirm that intraday swings in bond prices have increased as well.

The increase in activity is one of several factors setting the current Treasury market apart from previous years. Perhaps the most obvious is the fact that the supply of new Treasury issnes has moved sharply lower. The expanding US economy has led to a shrinkage in borrowing needs and smaller Trea-

rapidly this spring that we had a severe squeeze in the Treasury bill aector," said Louis Crandall, chief econoesearch firm in New York. Although securities of

"The deficit dropped so

nearly all maturities have been reduced, the most dramatic impact has been

month bills, which the Treachanges in cash-flow

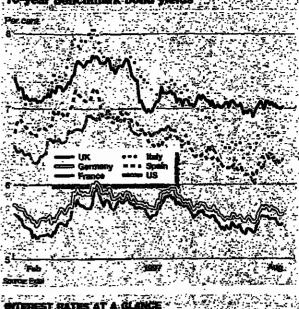
Longer-term issues, ranging from two-year to 30-year maturities, have fallen to an annualised \$466bn from a peak of \$545bn during the last 12 months, according to the Treasury Department.

respond to shrinking supply is less clear, however, given the competition from other investment sectors and demand factors.

"The declining Treasury borrowing requirement has been driven by economic growth well above expectations, and that's fuelled private sector borrowing needs as well," adds Mr Crandall. Traders and analysts believe Treasury demand is being partially offset by increasing buying of corporate bonds and equities.

The downward pressure on supply has coupled with demand factors to force bond prices up in general, leading to lower Treasury bond yields compared with those available earlier in the year. But even within a fairly narrow trading range, recent intraday movements have been considerable. Early in 1997 prices of the

30-year Treasury bond moved lower on the belief that the strong economy would force the Federal Reserve to raise interest mist at R.H. Wrightson & rates. When the Fed made Associates, a bond markat its move in late March, the long bond yield surged to 7 per cent as prices were driven lower and remained high on fears that the Fed



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higher rates by the Federal Reserve has not come yet. Sinca March, Treasuries have ateadily adjusted to what traders refer to as the "new paradigm" of the econ-- a combination of steady economic growth and low inflation.

Few bad expected economic growth to proceed so far into 1997 with no inflationary rise, so every bump in the road is scrutinised for evidence that the end is around the corner.

By late July higher long bond prices sent yields yiald below 6.3 per cent briefly before currency and other concerns sent prices lower in recent weeks.

In spite of the FOMC decision last Tuesday not to raise rates, the Treasury market remains nervous. The long bond yield moved

The second helping of value of the dollar to the release of a lower than anticipated US trade deficit.

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Meanwhile, the latest inflation reports continue to surprise and relieve analysts. Recent producer price data have convinced economists that inflation has not been seen yet at the wholesale level and consumer price index figures have confirmed that consumer inflation remains low. Retail sales have risen, but not dramatically, and the unemployment rate has fallen below what was once considered the "natural rate," at 4.8 per cent, without triggering a sharp rise in inflation

The next FOMC meeting is in late September. With analysts divided on whether the Fed will raise rates again this year and the "summer boliday" coming to an end, it is unlikely the market will settla down soon.

John Labate

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## Tough week ahead in prospect

Bond markets face one of there is a turn in the bond front to prevent an excestha markets. They haven't their toughest weeks for markets' direction," said sively sharp slide in the Gerdone anything but thay have some time after Friday's sharp bout of volatility sparked by nervousness about inflation and interest rate developments in the US and Germany.

Analysts are now asking whether this latest wobble is storm in a teacup or the beginning of a bear market in global bonds.

Mark Fox, chief European strategist at Lehman Brothers in London.

That nervousness may be compounded by a relatively quiet week for marketsensitive data. So developments on the foreign exchange markets will be the D-mark will add further er's favoured policy. in the US and Europe is weight to the argument that

man currency. Arguably, the Bundesbank is winning the battle of

nerves about the D-mark in any case. The currency enjoyed a modest rally on Friday, despite the slide in bunds, and officials have sown enough confusion to crucial for bonds. A renewal leave everyone guessing, of the dollar's surge against which is every central bank-

"The Bundesbank has won going to be one of immense the Bundesbank may decide the early battle in terms of

achieved a substantial amount - including stabilising the D-mark," said Graham McDevitt, head of global bond strategy at Paribas in London.

The September bund futures contract closed on Friday at 102.00, and Mr McDevitt sees "very big support" at the 101.50 level, which is likely to be tested

Vincent Boland

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#### CREDIT RATINGS in emerging markets

This directory lists for the first time in a single son credit ratings assigned by 34 rating agencies – nin and 25 local – to emerging market fixed-income:

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apore · Slovak Republic · Slovenia · South Africa Sri Lanka • Taiwan • Thailand • Trinidad & Tobago Tunicia • Turkey • United Arab Emirates • Uroguay eznela • Vietnar

A directory of the agencies, their rating scales and criteria is also included in each edition.

in addition each agency's rating system has been translated into a CREM rating score for ease of comparison. Multiple takings of sovereign debt have also been aggregated into a unique sovereign imposite index and are listed alongside the individual issuer's CREM. rating score to provide a universal means of comparison bet currency debt from different commiss.

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#### NOTICE TO THE BONDHOLDERS OF INTERFINANCE CREDIT NATIONAL N.V. FRF 500,000,000 Bonds due 2001 with OROC

Pursuant to the partial business transfer agreement (the "Transfer agreements) dated April 7, 1997, and further to the approval of the shareholders of Crédic National and BFCE in general extraordinary meetings which took place on Jone 23, 1997, Crédit National has transferred, with effect from January 1st, 1997, all its commercial banking activities to BFCE (such transfer process, the «Transfer»).

As a result of the Transfer, Crédit National became, under the name of NATEXIS S.A., the holding company of the Crédit National / BPCE group of companies (the «Group»), now known as Natexis Group and SPCE, its main banking subsidiary, changed its name into NATEXIS BANQUE.

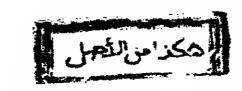
Another result of the Transfer is that Interfinance Credit National N.V. changed its name into INTERFINANCE NATEXIS N.V., after the approval by the extra on July 8, 1997.

Interfinance Nateriis N.V., remains a 100 per cont. near successary or Nateriis S.A. (ex Crédit National). The granted sparented by it for all the outstanding loan debt of Interfinance Nateriis as of the date of the Transfer, including the FRF 500,000,000 Bonds due 2001 with OROC, has been transferred to Nateriis Banque and remains in full force, in accordance with the terms of the Transfer agreement, Natexis S.A. (ex Crédia National) is jointly and severally liable for the commitmenta transferred to Natexis Banque, including the guaranty of the above

The bonds will be neither stamped nor exchanged and will be list the Luxembourg Stock Exchange under the new name of interfit

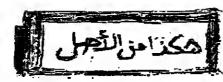
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FINANCIAL TIMES MONDAY AUGUST 25 1997 ★		
CURRENCIES	AND MONEY	
POUND SPOT FORWASD AGAINST THE POUND  Aug 22 Closing Charge Bid/offer Day's Mid One seorth Three months One year Bank of Aug 22 Closing Charge	Sid/offer Day's mid One month Three months One year J.P Morgan	WORLD INTEREST RATES
	844 - 897 12 8325 12.7120 12.7631 2.3 12.7141 2.3 12.4901 2.3 101.5 160 - 880 37.9420 37.3300 37.466 2.4 37.3145 2.4 36.621 2.5 101.3	Beiging: 376 34 34 32 3
Dermark (Dic) 11:1316 -0.0145 259 - 360 11.1370 11.0161 11.0995 3.4 11.0855 3.4 10.744 3.5 103.8 Dermark (Dic) 6.8343 -0.0873 Firtund (FM) 8.7275 +0.0033 207 - 342 8.7630 8.6420 6.7021 3.5 8.6496 3.6 8.437 3.3 81.1 Firtund (FM) 5.4570 -0.0586 Franci (FT) 9.3282 -0.0279 243 - 820 9.8486 9.7396 8.7896 8.7892 4.0 9.7382 3.7 9.4627 3.7 104.2 France (FT) 8.1227 -0.0871	338 - 353 7.0035 6.8641 6.9226 2.0 6.8983 2.1 6.7919 2.1 102.8 345 - 395 5.5097 5.4025 5.4255 2.5 5.4018 2.6 5.306 2.4 80.3 222 - 232 6.1945 8.0850 8.1112 2.3 6.0873 2.3 5.9785 2.4 103.2 170 - 175 1.8381 1.8060 1.8135 2.5 1.8056 2.6 1,7707 2.8 101.5	week ago 3½ 3½ 3¾ 3½ 3 Germany 3½ 3½ 3¾ 3¾ 3
Greece (Dr) 458.333 -0.376 110 - 556 459.278 458.656 490.116 -4.7 452.74 -3.8 471.108 -2.8 65.1 Greece (Dr) 285.530 -3.475 (paint) -62) 1.0805 -0.0042 894 - 918 1.0985 1.0845 1.09 0.8 1.0896 0.7 1.0777 1.2 99.7 Instant (E) 1.4720 +0.022 (E) 1.472	480 - 580 288 680 283.960 283.825 - 5.4 288.88 - 4.7 296.03 - 3.7 64.6 716 - 730 1.4806 1.4475 1.4712 0.6 1.4703 0.5 1.4707 0.1 - 550 - 400 1792.53 1782.00 1775.52 - 1.2 1778.53 - 1.1 1781.85 - 0.5 75.5 160 - 660 37.9420 37.3300 37.488 2.4 37.2145 2.4 36.821 2.5 101.3	week ago 3 34 55 34 3 Ireland 6% 64 64 64 6 week ago 8 62 64 64 6 Italy 6% 62 60 63 6
Notine tended   (Fig. 1, 2840 - 0.0087 825 - 854   3.2952   3.2521   3.2738   3.7   3.2529   3.8   3.1569   3.9   100.9   Notine tended   (Fig. 2, 0.456 - 0.0268   7.0588	456 - 481 2.0728 2.0335 2.0417 2.5 2.0332 2.5 1.9854 2.5 100.6 858 - 918 7.7016 7.5095 7.5743 2.3 7.5459 2.3 7.4342 2.0 94.7 300 - 400 185.100 183.420 184.314 6.2 184.25 0.2 183.09 6.7 92.4	week ago         6%         62         6%         6%         6           Notherlands         34         34         34         34         34         34         35         3
Sweden (SK) 12.7707 +0.0576 607 - 807 12.7876 12.6188 12.7432 2.6 12.6847 2.7 12.4282 2.7 94.6 Sweden (SK) 7.8559 -0.0538 9 strantend (SF) 2.4087 +0.0005 051 - 082 2.4133 2.8855 2.3856 5.5 2.3732 5.6 2.2729 5.6 106.3 Switzerland (SF) 1.4363 -0.0167 UK (2) - 101.7 UK (5) 1.6052 +0.018	230 - 030 155,150 152,800 153,935 0.4 153,75 0.8 152,555 0.9 75.9 521 - 598 6.0080 7.8942 7.9468 1.4 7.9275 1.4 7.8535 1.5 84.6 988 - 998 1.5138 1.4800 1.494 4.3 1.4833 4.3 1.48378 4.1 105.0 047 - 057 1.5084 1.5853 1.5031 1.5 1.5991 1.5 1.5831 1.4 101.4	week ago % 1% 1% 1% 1% 1% 1% 1% 1% 1% 1% 1% 1% 1
ggu - 1,4830 -0,008 819 - 841 1,4864 1,4706 1,4797 2.7 1,4726 2.8 1,4385 3.0 - Ecu - 1,0824 +0,0142 50R1 - 1,179560	819 - 829 1.0670 1.0705 1.0838 -1.5 1.0871 -1.7 1.1025 -1.9 -	Week ago B B B L
9mal (RS) 1.7520 +0.0247 512 -625 1.7596 1.7394	913 - 916 1,0920 1,0900	week ago - 546 54 52 5 US Deter CDn - 5.43 5.46 5.53 5.4 week ago - 5.43 5.46 5.54 5.3
Pacific/Middle East/Africa Pacific/Middle East/A		ECU Linked Do - 4  44  44  44  44  44  44  44  44  4
Small (Shi) 5,6617 +0,0505 522 - 712 5,8847 5,6624 Israel (Shi) 3,5271 -0,0082 Jupen (V) 188451 +1.82 312 - 580 186,770 185,370 187,431 6.5 185,406 6.5 176,421 6.4 132.2 Jupen (V) 117,400 -0,185	200 - 200 36.5000 38.1000 36.3075 -4.6 36.5925 -4.7 37.805 -4.5 -223 - 310 3.5401 3.5220	S LIBOR interbank fluing rates are offered rates for \$10m reference borries at 11am each working day. The banks are Mitsubish, Barolaya and National Westmineser. Ad name are shown for the domestic Money Rates, US\$ CDs, ECI.
New Zeeland (NZS) - 2.4851 +0.0061 833 - 868 2.4871 2.4674 2.4883 -1.5 2.4921 -1.1 2.4827 -0.3 108.1 New Zeeland (NZS) 1.5481 -0.0138 Philippines (Peec) 47.8511 +0.3888 917 - 104 48.3517 47.6086 48.011 -4.0 48.2604 -3.4 49.3174 -3.1 - Philippines (Peec) 29.5100 -0.08	475 - 487	EURO CURRENCY INTEREST RAT Aug 22 Short 7 days One The term notice month more
South Africa (F) 7.5349 +0.0123 201 - 396 7.5545 7.4525 7.5957 -9.7 7.7125 -9.5 8.1505 -8.2 - South Africa (F) 4.6940 -0.0456 South Koree (Mon) 1444.68 +18.03 102 - 834 1444.34 1426.23 South Koree (Mon) 900.000 +1.15 Tahuan (TS) 48.1110 +0.5187 950 - 269 46.0807 45.5383 46.0944 0.4 46.0546 0.5 45.8569 0.8 - 7ahuan (TS) 23.7280 +0.001	925 - 955	Belgien Franc 3½ - 3½ 3½ - 3½ 35 - 3½ 3½ 3½ - 3½ 3½ 3½ - 3½ 3½ 3½ - 3½ 3½ 3½ 3½ 3½ 3½ 3½ - 3½ 3½ 3½ - 3½ 3½ 3½ - 3½ 3½ 3½ - 3½ - 3½ 3½ - 3
† Risse for Aug 21 . Bidfoffer aprends in the Pound Spot table show only the last three decimal places. Forward mass are not directly quoted to the market by SDR rate per 5 for Aug 21. Bidfoffer spread by correct inferent states. Stating index calculated by the Bank of England, Base sweage 1990 = 100. How rebased 172755. Bid, Offer and updated from the market but are amphald by curricular and the Dollar Spot tables defined from THE WM/REI/TERS CLOSING STATES. Some values are rounded by the FT.  21. Base sweage 1990=100.	500 - 500 34,8000 31,6000 34,295 - 15,8 35 - 13,8 36,23 - 7,0 - ts in the Dotter Spot table show only the last three decirnal places. Forward rates are not directly at instance traine. UK. Internal & ECU are quitted in US currently. J.P. Morgan nominal indices Aug to available on the Vidernal at http://www.FT.comp	Dutch Guilder 3 <sup>1</sup> 4 - 3 <sup>1</sup> 2 3 <sup>2</sup> 3 - 63 <sup>2</sup> 2 3 <sup>2</sup> 2 - 3 <sup>2</sup> 2 3 <sup>2</sup> 2 - 5 <sup>2</sup> 2 - 5 <sup>2</sup> 2 5 <sup>2</sup> 2 5 <sup>2</sup> 2 - 5 <sup>2</sup> 2 5
CROSS RATES AND DERIVATIVES	UK INTEREST RATES	Sterling 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7½ - 7 7 7 7
EXCHANGE CROSS RATES  Aug 22 BP DKr. FFr DM 12 L FI NKr Es Phs SKr SFr 1 CS 5 Y Equ	LONDON MONEY RATES Aug 22 Over- 7 days One Three St. One	US Dotter 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½
Belgium (BFr) 100 18.47 18.31 4.841 1.810 4725 5.450 20.21 481.1 410.2 21.18 3.994 1.859 3.714 2.854 312.7 2.481 Denmark (DK) 54.14 10 8.830 2.821 0.980 2.558 2.950 10.94 265.9 222.1 11.47 2.162 0.896 2.011 1.442 169.3 1.332 France (FFr) 61.31 11.33 10 2.958 1.110 2897 3.342 12.39 201.1 251.5 12.99 2.448 1.017 2.277 1.833 191.7 1.508	night notice month months months year     Intertaint Stering   7½ - 5½   7½ - 7½   7½	Short term rates are call for the US Dollar and Yen, others: to ### THREE MONTH EURODOLJAR (MM) 57m points
Germany (DM) 20.06 3.616 3.369 1 0.374 976.0 1.126 4.176 101.4 94.73 4.378 0.825 0.343 0.767 0.550 64.60 0.506 helpind (D2) 55.26 10.21 9.013 2.675 1 2611 3.012 11.17 271.4 226.7 11.71 2.207 0.917 2.052 1.472 172.8 1.360 help (L) 2.116 0.391 0.345 0.102 0.098 100 0.115 0.428 10.39 8.681 0.448 0.086 0.035 0.079 0.056 6.618 0.052 helpinands (FI) 18.35 3.389 2.933 0.388 0.332 867.0 1 3.709 90.11 75.26 3.889 0.733 0.305 0.681 0.489 57.38 0.452	Tressury Birls - 612 7 - 614 7 - 614 8 - 612 613 613 613 613 613 613 613 613 613 613	Open Sett price Change High II Sep 94.28 94.28 +1.70 94.28 9 Dec 94.09 94.09 -0.10 94.12 9
Natively (NRC) 49.47 9.138 8.088 2.395 0.995 2337 2.696 10 242.9 202.9 10.48 1.976 0.821 1.837 1.316 154.7 1.217 Portingel (Es) 20.96 3.781 3.321 0.998 0.369 962.2 1,110 4.117 100 83.53 4.316 0.813 0.338 0.756 0.542 63.68 0.501 (Pts) 24.38 4.503 3.976 1.180 0.441 1152 1.329 4.928 119.7 100 5.167 0.974 0.405 0.905 0.648 78.24 0.800 swedden (SkC) 47.18 9.716 7.686 2.284 0.854 2229 2.572 6.539 231.7 193.5 10 1.885 0.783 1.752 1.257 147.6 1.161	UK clearing bank base lending rate 7 per cent from Aug 7, 1997 Up to 1 1-3 3-6 6-9 9-12	Mar 94.02 94.00 -0.14 94.03 8 <b>a us theasury bill futures</b> (MM) \$1m per 10
Switzerland (SF) 25.04 4.825 4.084 1.212 0.453 1183 1.365 5.082 123.0 102.7 5.306 1 0.416 0.930 0.857 78.30 0.418 UK (S) 60.26 11.13 8.826 2.917 1.080 2847 2.284 12.18 295.8 247.2 12.77 2.407 1 2.238 1.805 188.5 1.483 Carmedia (CS) 26.93 4.974 4.992 1.303 0.487 1272 1.467 5.443 132.2 110.4 5.708 1.075 0.447 1 0.717 84.21 0.663	month month months months months months  Certs of Tax dep. (C100,000) 2½ 5½ 5 5 4¾  Certs of Tax dep. under £190,000 is 2½cc., Deposits withdrawn for cesh 1¾cc.	Sep 94.91 94.92 - 94.94 9 Dec 94.76 94.81 +0.02 94.84 9 Mar - 94.75 +0.02 94.75
USA (8) 37.54 6.934 8.128 1.617 0.679 1774 2.046 7.589 184.4 154.0 7.956 1.499 0.623 1.394 1 117.4 0.824 Japon (Y) 31.99 5.907 5.215 1.548 0.679 1511 1.743 6.464 157.0 131.2 6.777 1.277 0.531 1.186 0.652 100 0.787 Ecu - 40.63 7.506 6.627 1.967 0.735 1.920 2.214 8.214 199.5 186.7 8.611 1.623 0.674 1.509 1.062 127.1 1	Ave. tender rate of decount on Aug 22, IL 8277pc. EC/DD fluid rate Stig. Export France. Meta- up day, Jul 31, 1997, Agreed rate for period Aug 26, 1997 to Sep 23, 1997, Scheme III B.27pc. Reterance rate for period Jul 1, 1927 to Jul 151, 1997, Schemes IV & V 7.055pc, France House Base Rate 7pc from Aug 1, 1997	All Open Interest Sgs. are for previous day
Durish Konor, French Remc, Norwegien Kroner, and Swedien Kroner per 10; Belgien Franc, Yen, Escudo, Lira and Passets per 100.  IN D-SAARIK FUTURESS (MM) DM 125,000 per DM  Open Satt price Change High Low Est.vol Open Int.	BANK OF ENGLAND TREASURY BILL TENDER Aug 22 Aug 15 Aug 22 Aug 15	BASE LENDING RAT
Sep   0.5449   0.5820   +0.0073   0.5545   0.5449   38,758   100,732	Bits on offer E200m E260m Top scooper rise 6.8367% 6.7999% Total of applications E775m £1128m Ave, rate of discount 6.8277% 6.7810% Total allocated £280m E200m Average yield 6.9459% 6.9659%	Adam & Company 7.00 Duncan Lewise 7.00 Affied Irish Bank (GB) 7.00 Exster Bank Limited 8.00
## SMISS FRANC FUTURES (IMM) SFr 125,000 per SFr 1,600 1,92 2,63 3,32 1,07 2,00 2,85	Min. accepted bid 998.295 598.305 Offer at next tender 5200m 8200m Allement at nain. level 90% 63% Min. accept bid 82 days	Bank of Baroda 7.00 Financial & Gen Bank 6.00 Bank of Baroda 7.00 Robert Fleming & Co7.00 Banco Bibaso Vicceya 7.00 Scumers Mehon 7.00 Bath of Control 7.00 Bath of Control 7.00 Bath of Control 7.00
Dec 0.6765 0.6760 +0.0071 0.6805 0.6740 137 2.555 Mer 0.6855 0.6856 +0.007 0.6855 0.6830 1 1.058 Print 145	El Possad in New York FT GUIDE to WORLD CURRENCIES	Bank of Cypnus 7,00 WHambons Bank of School Bank of India 6.75 C. Hoste & Con Inv Bl.,7.00 Bank of Scotland 7,00 C. Hoste & Co. 7,00
Open Sett.price Change High Low Est.vol Open Int. Strike ————————————————————————————————————	Ang 22Close Pray, close F Guide to World Currencies 1 mst 1,5054 1,5850 The FT Guide to World Currencies table can be found on the Markets 1,5850 page in today's edition.	Bandays Bank 7.00 Brit Bit of Mid East 7.00 Brit Bit of Mid East 7.00 Julian Hodge Bank 7.00
Mor - 0.8708 -0.0079 13 588 0.540 1.43 1.73 0.21 0.42 0.62 0.545 1.06 1.40 1.70 0.34 0.58 0.79 in attendament (IMM) £62,500 per £ Previous day's vol., Cells 458 Puls 671 - Prev. day's open int., Cells 20,101Puls 18,222	1 yr 1.5881 1.5696	Cidberii. NA 7.00 Ubyde Bank 7.00 Ciydeadele Bank 7.00 Midsind Benk 7.00 The Co-operative Bank 7.00 NatiWestminster 7.00
Sep 1,5900 1,6084 +0.0168 1,6148 1,5940 9,645 50,761 Dec 1,5920 1,6026 +0.0164 1,8072 1,5900 69 1,189 May — 1,5960 +0.0162 1,6020 — 6 208	Y grant of the A	Couns & Co 7.00 eRea Brothers 7.00 Cyprus Popular Bank 7.00 Royal Bk of Scotland 7.00
OTHER STATISTICS		
STOCK INDICES 1997 - Since comp 1997 - Since comp.	FUTURES BERKELEY FUTURES LIMITED	The Financial Times plans to publis
STOCK INDICES	FUTURES OPTIONS & FOREX FEVALE CLIENTS WELCOME  BERKELEY FUTURES LIMITED  38 DOVER STREET, LONDON WIX SRB TEL: 6171 629 1133 FAX: 6171 495 0022  http://www.bilco.ak	
STOCK INDICES	& FOREX PRIVATE CLIENTS WELCOME  BERKELEY FUTURES LIMITE  38 DOVER STREET, LONDON WIX 5RB TEL: 6171 629 1153 FAX: 6171 495 6022 http://www.bil.co.ak	Spanish Bar
### STOCK INDICES  #### Aug 22 Aug 21 Aug 20 Aug 18 Aug 18 High Low	OPTIONS & FOREX FEVALE CLIENTS WELCOMES  MARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS 24 HOURS  OPTIONS 649	Spanish Bar & Financ
### STOCK INDICES  #### Aug 22 Aug 21 Aug 20 Aug 18 Aug 18 High Low Stock Prize Statistics 18 Aug 22 Aug 21 Aug 20 Aug 18 Aug 18 Aug 18 High Low Stock Prize High Low	WILCOME  WILDOW  MARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS  24 HOURS  Limited  MARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS  24 HOURS  14 HOURS  15 A 0171 522 3317  10 30 30	Spanish Bar & Finance on Wednesday Octo
### STOCK INDICES  #### 1997 - Share comp.  #### Aug 22 Aug 21 Aug 20 Aug 18 Au	SERVATE CURNIS  WELCOAG  WELCOAG  MARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS  24 HOURS  Limited  CURRENCY MANAGEMENT CORPORATION PLC  PROBLEM FOREIGN Exchange Dealing Service via the inflatment  CURRENCY MANAGEMENT CORPORATION PLC  PROBLEM FOREIGN Exchange Dealing Service via the inflatment  CURRENCY MANAGEMENT CORPORATION PLC  PROBLEM FOREIGN Exchange Dealing Service via the inflatment  CURRENCY MANAGEMENT CORPORATION PLC  PROBLEM FOREIGN Exchange Dealing Service via the inflatment  PLO PROBLEM FOREIGN EXCHANGE  OF PEOPLE PROBLEM FOR EXCHANGE  OF PEOPLE PROBLEM FOREIGN EXCHANGE  OF PEOPLE PROBLEM FOREIGN EXCHANGE  OF PEOPLE PROBLEM FOREIGN EXCHANGE  OF PEOPLE PR	Spanish Bar & Finance
STOCK INDICES	OPTIONS & FOREX FEVALE CIRCLE  38 DOVER STREET, LONDON WIX SRB TEL: 6171 629 1133 FAX: 6171 495 0022  Limited  MARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS 24 HOURS 11mited  Limited  CURRENCY MANAGEMENT CORPORATION PLC Rest Trace Foreign Exchange Dealing Service with the Inflatend  CURRENCY MANAGEMENT CORPORATION PLC Rest Trace Foreign Exchange Dealing Service with the Inflatend  CURRENCY MANAGEMENT CORPORATION PLC Rest Trace Foreign Exchange Dealing Service with the Inflatend  24 Hours Service - No Commissions © STP Spreads	Spanish Bar & Finance on Wednesday Octo for more Information, pleas Ewa Plazek-Neves in Lo Tel: +44 171 873 3725 Fax: +44 Edward Macquisten in
STOCK INDICES	SEFOREX FEVALE CLIENTS  WELCOME  WARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS 24 HOURS  Limited  MARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS 24 HOURS  Limited  CURRENCY MANAGEMENT CORPORATION PLC  PROBLEM STORY SERVICE - No Commissions of STP Spreads  PROBLEM STORY MANAGEMENT CORPORATION PLC  PROBLEM STORY MANAG	Spanish Bar & Finance on Wednesday Octo for more information, pleas Ewa Plazek-Neves in Lo Tel: +44 171 873 3725 Fax: +44
STOCK INDICES   Aug 27 Aug 28 Aug 20 Aug 18 Aug 18 Inju   Low   Huj   Huj   Low   Huj	SERRELEY FUTURES LIMITED  38 DOVER STREET, LONDON WIX SRB TEL: 6171 629 1135 FAX: 6171 495 0022  MARGINED FOREIGN EXCHANGE 0171  FUTURES & OPTIONS 24 HOURS http://www.bfilco.ak  CURRENCY MANAGEMENT CORPORATION PLC PROF. 0.241 522 0317  CURRENCY MANAGEMENT CORPORATION PLC PROF. 0.241 572 0370  Prof. 44 171 855 0000 Fax: 44 171 872 0370  Address: 11, Old Jewry, London, EC2H SDU  Registated by SFA	Spanish Bar & Finance on Wednesday Octo for more information, pleas Ewa Plazek-Neves in Lo Tel: +44 171 873 3725 Fax: +44 Edward Macquisten in Tel: +34 1 337 000
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STOCK INDICES   1987   Slace comp.   1987   1988   1989	SERRELEY FUTURES LIMITED  38 DOVER STREET, LONDON WIX SRB TEL: 0171 629 1135 FAX: 0171 495 0022  MARGINED FOREIGN EXCHANGE 0171 FUTURES & OPTIONS 24 HOURS http://www.bril.co.ak  CURRENCY MANAGEMENT CORPORATION PLC 9 Red True Foreign Exchange Dealing Service via the Internal 9 SPI Spreads 9 Press Residence - No Commissions 9 SPP Spreads 9 Press Residence - No Commissions 9 SPP Spreads 9 Press Residence - No Commissions 9 SPP Spreads 9 Press Residence - No Commissions 9 SPP Spreads 9 Press Residence - No Commissions 9 SPP Spreads 9 Press Residence - No Commissions 9 SPP Spreads 9 Press Residence - No Commissions 9 SPP Spreads 9 Press Residence - No Commissions 9 SPP Spreads 1 Press Residence - No Commissions 9 SPP S	Spanish Bar & Finance on Wednesday Octo For more information, pleas Ewa Plazek-Neves in Lo Tel: +44 171 873 3725 Fax: +44 Edward Macquisten in Tel: +34 1 337 000 Fax: +34 1 337 000 or your usual Financial Times re FT Surveys  All Future & Margin
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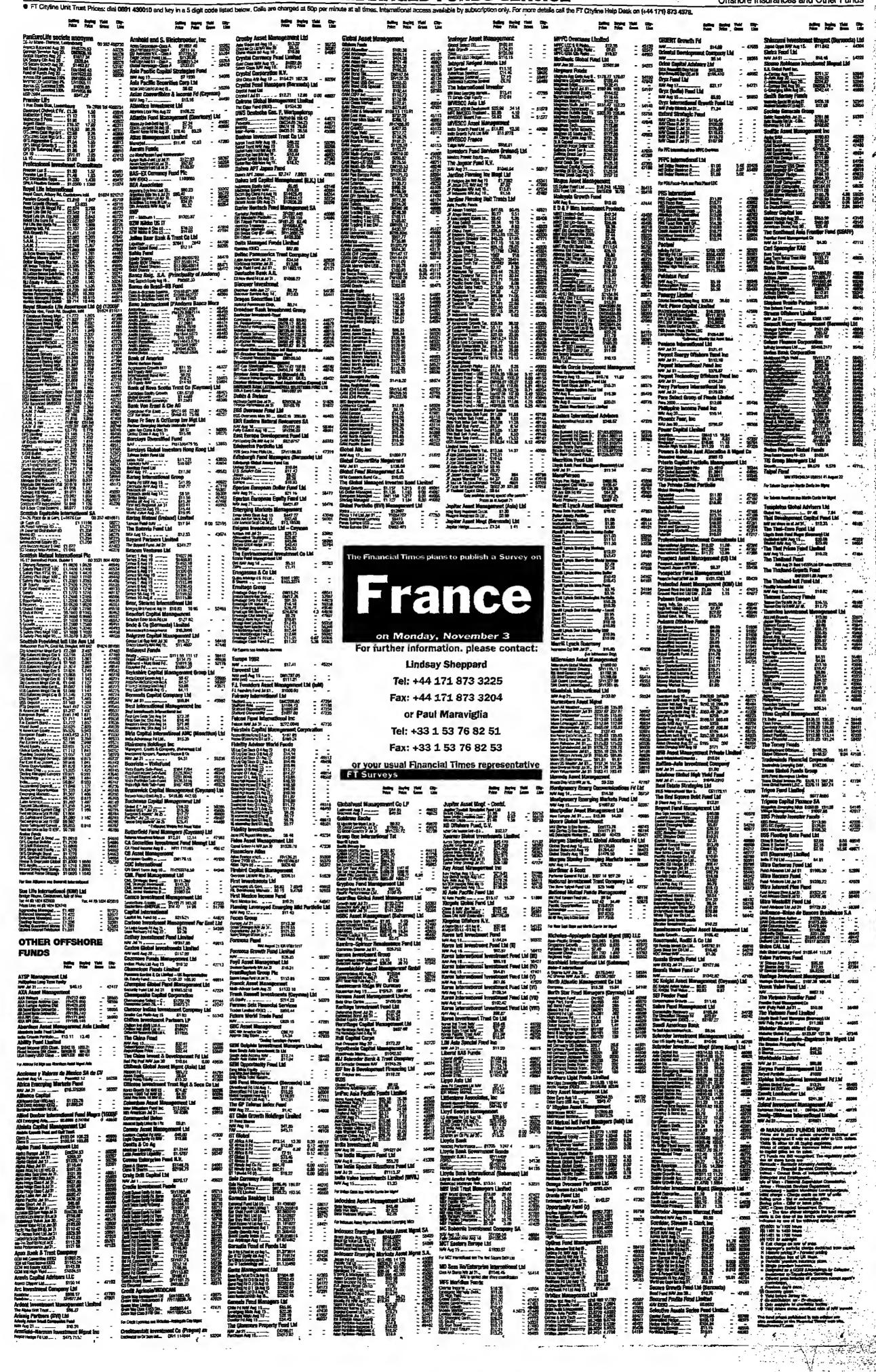
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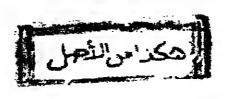
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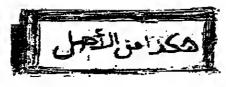
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#### NASDAQ NATIONAL MARKET NYSE PRICES 46 54 5 54 +1g 13 773 19 151g 18 +14 24 1172 64 57 84 +18 Laggrifica RegFinCp 0.80 16 1479 347<sub>8</sub> 341<sub>2</sub> 343<sub>4</sub> -1<sub>4</sub> 232 1/6 1/6 1/6 23 20 23/4 23/4 23/4 519 5/8 5/8 5/8 Laner Ind 13 1835 5¼ 4½ 4½ -½ 1350 185 184 194 -½ Lattice 9 32 3571 68 6576 3712 +-3 Laurece Pr 0.56 13 222 2714 2616 2634 -5 22 1509 324 31点 31号·14 ACC Com Lackbers 52 361 313 312 313 Libe Teats 0.20 22 452 2514 2714 2514 -3 ResidueExpr x0.20 18 165 23 23 2 23 23 Rehigot 6 0.12 16 53 7 3 7 7 7 7 3 1458 61 55 8 12 21 352 4778 4614 4774 +18 Poss Str 0.18 14 5511 295, 285 Electric S Rolachiled 17 2764 1876 1734 1846 32 RoyalBold 29 2100 748 749 749 32 5048 324 31, 3212 38 Electric III 918 453 45 53 83 186 18 15<sup>1</sup>4 15<sup>1</sup>4 1<sup>1</sup>4 15<sup>1</sup>4 1<sup>1</sup>4 15<sup>1</sup>4 1<sup>1</sup>4 15<sup>1</sup>4 1<sup>1</sup>4 15<sup>1</sup>4 1<sup>1</sup>4 15<sup>1</sup>4 1<sup>1</sup>4 1 RPM Inc. 0.52 20 1350 20% 20% 20% 2012 8 28 7 47 7 511 8 7<sup>1</sup>2 7<sup>7</sup>8 27 174 39 38 38<sup>3</sup>4 Ryan Fmly . 11 685 918 878 816 +16 2444 716 712 750 -10 LTX Co Africa 0.44 20 3220 541<sub>4</sub> 331<sub>4</sub> 337<sub>4</sub> -1<sub>4</sub> Africa 0.44 20 3220 541<sub>4</sub> 331<sub>4</sub> 337<sub>4</sub> -1<sub>4</sub> Africa 0.53 16 3005 327<sub>6</sub> 221<sub>8</sub> 321<sub>5</sub> -1<sub>4</sub> Africa 0.20 22 588 301<sub>2</sub> 227<sub>8</sub> 301<sub>2</sub> -1<sub>4</sub> Akan ADR 1.53 15 405 521<sub>6</sub> 501<sub>6</sub> 521<sub>6</sub> +11<sub>6</sub> - S -Saisco 1.28 15 3319 481 473, 4358 +34 SALCOM 0.40 z0 13<sup>1</sup>4013<sup>1</sup>4 13<sup>1</sup>4 Sanderson 0.20 36 39 16 13<sup>1</sup>2 15<sup>1</sup>2 -<sup>1</sup>4 24 80 305 304 304 Event Sin 0.56 15 501 254 254 255 0.56 16 201224 224 234 +4 MCI Cm 0.05 1719489 31126297 2915 -18 19 905 22 4, 23 22 4, +18 ASPhorm AscCapil Add Cap 15 20 94 95 95 76 1.78 16 215 17 19<sup>3</sup>g 16<sup>3</sup>k <sup>1</sup>g 8 20 3<sup>3</sup>g 3<sup>3</sup>g 3<sup>3</sup>g 3<sup>3</sup>g 3<sup>3</sup>g 3<sup>3</sup>g 53 756 2<sup>3</sup>k 15<sup>3</sup>g 2 <sup>3</sup>g 452820 82<sup>3</sup>g 59<sup>3</sup>g 62<sup>3</sup>g 62<sup>3</sup> 27 502 27 26 27 +18 Alta Gold Marati Smick 0.44 12 24 15 14<sup>3</sup>g 14<sup>3</sup>g -<sup>1</sup>g Marati 0.60 20 1830 u45<sup>7g</sup> 44<sup>1</sup>2 45<sup>7g</sup> +<sup>7g</sup> 72 827 74 74 74 Ferr Cp 13 54 157 157 157 157 6.02 BO 646 5812 5816 571g -116 115 2830 11<sup>1</sup>4 11 11<sup>1</sup>2 -<sup>1</sup>4 40 466 18<sup>5</sup>1 16<sup>1</sup>1 19<sup>1</sup>3 -<sup>1</sup>4 072 15 4538 25 34<sup>1</sup>2 35 +<sup>1</sup>4 0.68 25 1911 6012 5852 5834 -7 McGraph R 0.32 15 137 20<sup>3</sup>9 20 26<sup>1</sup>4 -<sup>1</sup>9 Sevenacon a 0.22 18 20 19<sup>1</sup>4 10<sup>1</sup>4 19<sup>1</sup>4 McCormidWC060 34 543 24<sup>1</sup>9 23<sup>7</sup>6 23<sup>7</sup>6 -<sup>3</sup>8 SharedMed 0.84 22 1359 49<sup>1</sup>2 48 49 Am France 1418 193 173 184 3422 2/4 112 2 250 18 20 384 384 884 Fret Am c 0.00 18 1651 403, 393, 403, +14 Fret Am c 0.86 15 1927 27 285, 251, 76 180 18 20 98년, 98년, 88년 22 7212 25년 23년, 2년2 년, 2038년7 53년, 51년, 53년, 4년2 대7 4년, 4년, 4년, 4년, Fallent 1.20 19 2349 52 50% 51% -18 Februarit PoDa/6TI FoodLA 0.13 18 6260 712 735 73 -18 FORESy 5534512 1812 1912 1913 1913 Applied 20 20 25 688 22 2 22 22 22 2 Fostier A 12 436 516 516 516 516 - 516 Fee Fine 0.00 21 435 3112 3114 8116 - 18 Fig Haumi 1.24 14 461 3812 3772 3814 -18 Rufer HB 0.74 14 2147 523g 51 521g -18 Mater H 0.20 32 3885 514 30 51 4 +& AMCH t 0.24 13 273 107 1012 104 1.84 250 33½ 23½ 33½ +½ 3657±10½ 18¼ 10½ +½ Argonal ArtiStibel FuttonFin 0.68 18 149 28 2714 28 +18 1.24 12 9 6414 62 8414 +114 Artistics 3007 MID-2 In-10 IN-Wantsch 0.18 27 62 11 18% 11 -% 1797 1234 1233 1212 -6 Modern Co 0.30 19 172 15% 15% 15% 1512 -% Modern Mt x0.76 14 314 814 304 314 +4 SE ADD 14 5la 4% 5la +la Molecolo 0.08 27 425 361<sub>2</sub> 361<sub>8</sub> 361<sub>2</sub> 1<sub>8</sub> GAK Serv 0.07 28 1403 383 3712 3711 41 Seetos 317 212 214 276 716 Molecula 0.00 29 609 395 385 395 +12 570 3 13 25 21 21 4 1 Hotecon 250 45 43 43 +14 13 139 255 22 2214 1 Hithreet 2 0.26 15 227 2512 245 2518 0.18 35 20 41% 41% 41% 0.25 25 718 25% 24% 25% +14 Selti Co 125 2½ 2 2½ + 12 314 21½ 20% 20% -1% MTS Sps 0.48 14 147 31% 30% 31% -% Gent Bind x 0.44 18 35 324 313, 32 -12 785 2315 2312 2312 16 1493 812 814 97 Gerdyte Gereiefn 11 15 144 144 144 12 2558 44 42 42 +2 3079113 5112 4914 5018 Swift Tim 23 537 281, 285, 291, -14 28 1653 234 23 2312 -15 25548 175 151a 1776 +216 Sybere Inc Genus Inc 857 53 5% 53g Symentee 25 9872 25<sup>1</sup>2 25<sup>1</sup>2 25<sup>1</sup>2 +1,1 Synalloy x 0.36 22 57 18 15 18 +1 BE1 6 908 60 32 11 4 112 117 +3 25 9872 2512 2312 2512 +126 1201 254 264 265 -4 Mesh Frich x0.72 11 41 2034 2018 2034 2251 44 4 44 Gentek Dm Net Compt 0.36 31 100 31% 30% 31% Synetic 538 44<sup>1</sup>2 42<sup>1</sup>2 43<sup>3</sup>4 - <sup>1</sup>4 SystemSoft 0.18 26602 14<sup>1</sup>2 12<sup>1</sup>3 14<sup>3</sup>4 + 1<sup>2</sup>6 18 284 224 214 214 -4 Sibern fit M278 Sum 0.13 20 270 1912 1914 1912 +18 1421 134 124 134 12 355 242 235 241 24 21 207 21 -3 19 20 16 19 16 DA1 30 298 65 6312 6312 -314 Gelia 422 10% 10% 10% 28 2897 283 283 287 Renimerin a 1.18 15 114 48 47 4 48 -4 Bood Buyer 537 73 63 7 -18 Netscp BradonSys 0.66 14 65 74 71 71 14 18 Netski Gen 15251 3714 3614 3634 -18 Barria Corp 0.48 15 867 2712 2678 2718 126 Grando 0.36 15 20 20 20 20 20 20 16 70 Newsport Cp 0.04 21 351 1278 1274 1279 1-Dall Sc 1197 12 14 14 十 T.Rowe Pr 0.52 30 2915 55% 53% 55% TBC Cp 18957 2312 7254 2314 11 217 7% 7% 7% 1% +10 160 71 71 71 74 1 0.60 21 208 58% 57% 585g -% QB4 25 81 37% 37% 37% -18 Gan't Sug x 0.20 25 218 234 215 224 +14 23119 18,3 1752 1814 0.58 28 5357 6012 5912 6012 -12 Norson | 17 68 194 184 19 4 Minint 0.72 21 2511 53 51% 5212 -% 26 5551 3934 38 3934 +16 1.80 18 76 5434 5934 5334 +132 Sententin 0.06 12 1063 5014 5412 55 -13 Oyuburna 18 2464 237, 2312 2374 0.12 16 z0 1812 1812 1812 30 55 7<sup>1</sup>2 7<sup>1</sup>4 7<sup>1</sup>2 +<sup>1</sup>8 32 6688 36<sup>1</sup>4 36<sup>1</sup>4 36<sup>1</sup>2 -<sup>1</sup>8 7 2184 383 374 383 +10 106 1967 1653 8112 6514 +176 NW Ac 18111138 83<sub>8</sub> 73<sub>2</sub> 83<sub>8</sub> +3<sub>4</sub> 22547 1181111271559 -134 8 9073 25% 25% 25% 16 22 11% 11½ 11% +¼ 19 20 2% 2% 2% Tellahis 401,8655 61½ 59 61½ +1½ Telama Cp DD1 1660 23½ 22½ 23¼ -½ NPC kn Harteryol 0.02 15 257 38<sup>1</sup>2 38 39<sup>1</sup>4 - 18 MSC Corp 355 214 204 214 4 22 2218 564 54 55 Healthou Books 8 8 30 41 2614 2512 2814 TempPhADR 0.27 25 3831 5512 5418 5514 Bortand 3768 6,74 816 819 14 Heastware BrushWA 0.52 20 248 28 2712 28 +12 Hrmshitch BRC Hates 55 8514 345 35 14 Hearthquar 13 41 114 1112 1114 +18 2556366 53 51 kg 5211 36 47 1658 1658 1658 +14 724 74 74 74 -0-BAC Hales 1148 21 24 24 + TJ Int& 022 18 327 254 24% 24% 958 Brep 4 1.20 14 24 40% 38% 40% 7 240 1512 141, 1512 +18 Octobility Octobilities A 30 4063 3012 3014 3014 14 Tokyo Mar 0.28 23 418 60% 50% 50% 50% -1% 29 221 14 134 14 54 1598 24% 23% 24% -1% Butter14ty 0.46 7 x0 36 36 36 -3 Horn Index 0.56 21 347 54 52 54 -1.5 Hung JB 0.23 42 351 17 185 17 +1.9 Hung JB 0.73 18 2308 321 317 325 -1.9 Hung CO 9 390 712 712 713 -7.5 Opteday N 1.40 8 109 51 4 50 4 51 4 + 4 ObioCu 1.88 11 475 45 4 44 4 46 + 5 Topps Co 0.28 242 37 37 37 47 +16 1,58 11 476 451, 44% 46 +5 21 99 23 22 23 2 1.30 18 589 59% 59% 59% 605 21/4 21/2 21/2 052 19 27 441, 431, 441, - C -Old Next® Tremetck 0.58 18 206 367 347 35% -18 Ontencorp 1.36 14 254 52 51 1g 52 -14 14 7758 34% 32% 34% +2 Hunch Tech 753 1712 1612 1812 11: 137 11: 11: 1: 1 68 3<sub>24</sub> 3<sup>1</sup>4 3<sup>1</sup>4 - <sup>1</sup>8 4866574 40<sup>7</sup>8 38<sup>1</sup>2 40<sup>7</sup>8 + <sup>7</sup>8 Hydridan Hydrifios Dose Price 1463 3 214 213 +4 Truovisa Oracle 29 24 24 24 TrustcolikC 1.18 17 327 28 25 25 4 3 Orto Scence 35 1435 234 214 22 4 996 42 4 424 1 Teeng Lub Orbotech 25 5785 4812 4612 4772 12 TysFdA 0.19 23 2482 2078 2012 2014 14 412 5% 4% 5 12 1199 2312 2258 2312 DrepMet& 98 19% 1012 10% +18 88 137 83<sub>8</sub> 84 84 新 1克 14 1克 · - U -Darne Byrech 40.28 25 64 233 234 233 37 370 84 712 84 +4 UCifestis 1.02 19 z0 23% 23% 23% 23% Omnicosh 1 0.60 24 13 15 14<sup>5</sup>g 15 +1/6 OtherTesix 1.86 12 114 31<sup>7</sup>g 31<sup>7</sup>g 31<sup>7</sup>g -1/4 953 12 12 12 -531 172 172 172 +2 tramp/roose United St 14 66 3412 3212 3212 414 led Res Oxfort Min 48 9363 784 754 767 +1 CPASK 0725 9,3 9 0/4 Unden x 2.40 19 361 59 57% 5812 -38 **AMEX PRICES** 12 100 19 18 19 J<sub>2</sub> 19 4 4 4 Inglestated 0.56 12 315 13 125 13 US Energy 172 77 73 75 -16 US Servis 932 13 11 12 13 +26 4 pm close August 22 ining Day 11487 12世 124 12代 +16 1.00 16 1355 534 524 524 -4 -P-Q-77 541 15% 14% 15% -% inightSys inightWst 3413 5% 539 5% +12 527 12 13 13 13 19 1864 171 187 171 +22 6710373 223 214 221 +13 1.64 17 382 783 774 783 -13 0.50 24 45 51% 31% 51% US 7at Paccar x 2.19 15 1491 4814 4814 4818 +12 Shock Ohr. E 100s High Low Close Ging Ohr. E 100s High Low Choes Chang UST Corp 0.40 14 713 21% 20% 21% -1 Pacitimion 0.14 81 85 10% 10% 10% -16 Pritch 20 1211 6914 5712 66 +14 heis 0.12 2512895 984 811<sub>2</sub> 984 -24 Hantin Ca 1.32 171540 274 355 224 12 4 12 4 4 14 14 0.10 20 20 284 284 284 NY TINA HAR 0.54 20 2794 48 47 48 +16 6 5 20 20 20 +1<sub>2</sub> 45 5548 4<sup>2</sup>2 64<sup>2</sup>8 4<sup>2</sup>2 -16 Did Teles 0.50 21 20 100 100 100 PHONA PHONA 1400 313 314 315 39 520 28 261, 271, +10 hty:B 18 44 53 51 51 51 -38 Chirus Co UNDX 29 4828 7234 70 7114 +34 4813527 5014 4734 80 +34 Pegasus 6 45 5848 45g d438 412 Crtaf (i Inter Tel Paramit 169 169 16<sup>1</sup>2 18<sup>1</sup>4 16<sup>1</sup>5 -14 Interfere x 0.26 20 504 274 273 273 +14 Cartina Cp 0.30 36 803 70 69 70 +1<sub>2</sub> Cartin 0.27 17 107 25-1; 25-1; 25-1; Grown C9 16 37 19<sup>1</sup><sub>8</sub> 18<sup>7</sup>8 19<sup>1</sup>8 Cable x 8.36 23 95 31 30<sup>1</sup>2 30<sup>7</sup>8 Parini PMC 3 66 7½ 7¼ 7¾ -¾ 126 11 133 14¼ 14 14¾ -¾ 1091 18 9% 18 -18 Paycheni x 0.24 40 8086 347g 327g 347g +34g Crtfx higgi 38 104 104 104 -2 - V -Carcon Carrast. Valmont 0.23 24 242 21 2012 21 +16 1745 15% 14% 15% +12 171249 9% 512 512 -18 intersive Pasn Wg x 0.50 18 19 28½ 27¼ 27¼ ½ Penhachi 181 2¾ 2½ 2½ ½ Penhachi 181 2¾ 3½ 3½ 3½ 20 274 274 274 Regentant Vngrd Cell 2568 15 14<sup>1</sup>4 14<sup>2</sup>6 -H Di Ireis 15799 8 5% 551 -2 Identic 0.36 11 162 30% 3012 3012 3 14 450 25 237 247 +4 SAW Curp x 220 24 5 55 5412 5412 -12 44 346 254 25 254 1 Indicate 0.05 15 1407 21% 21 21% -18 Equin Co 0.46.18 9 14.7 14.7 14.7 Echo Bay 3819 514 5 5.7 414 Ecol En A 0.32775 26 87 834 634 -3 Edato Ru 12 160 974 974 974 114 Ecol En A 2.50 62 944 9212 94 114 848 91 92 91 +4 PeropBok\$2 0.68 19 800 28 26 4 27 4 +14 71 350 15 144 145 -18 VicorpRet Innica/IDR 20 17% 617% 17% Vewlogic Peoples H 0.76 15 205 37<sup>1</sup>2 37 37<sup>3</sup>2 -18 30 2577 174 18 174 +16 Tab Prodex 0.20 15 37 112 112 112 -4 Сориен Ср Romanio 1.01 38 37 234 234 234 -112 Peopleoft 127 9271 565 541 561 41 VLSI Tech 47 8044 323 311 315 Pentigo 23 7101 of 37 137 137 138 1000 6 0.48 308 27 263 27 Jan Bell JTS Corp 18 128 24 24 24 24 +4 4819 4 4 4 24 66 34 34 34 +4 47 8044 32% 31% 31% -18 Colleges Cold San 0.20 22 150 16<sup>2</sup>9 18<sup>1</sup>4 18<sup>1</sup>2 1.34 12 153 24<sup>1</sup>3 23<sup>1</sup>4 24 -<sup>1</sup>4 PETSMART 1817283 718 718 718 +18 49 1783 21 \$ 20 \$ 21 \$ -\$ 28 1648 15 \$ 1478 15 \$ -\$ MogrEq 0.50 23 234 19<sup>1</sup>2 19<sup>1</sup>2 19<sup>1</sup>4 - 19<sup>1</sup>4 Plante Doy 19 43 15% 14% 14% 4 Phoenitch 17 52 10% 7 712 44 Physician 41 1412 14 14 Pictures JEJ Streets - W -Jeann Inc 333 612 84 64 Laturge 0.06 24 62 5% 8% 5% 1/6 Lynch Cp 41 2 92% 92 92 1% Potentia 22 2482 11-2 11 11-2 +14 PioneerSp B.48 S1 1254 1271-2 2572 2714 +14 PioneerSp B.48 S1 1254 1271-2 2572 1412 -141 PioneerSp B.48 S1 1254 1271-2 1412 -141 Pione 29 584 1814 1712 1772 -14 Piber 29 584 1814 1712 1772 -14 Piber 34 1132 1813 1814 1815 +14 2844 201 1938 1911 -14 Wong Lab Jones Med 0.16 37 468 30<sup>1</sup>/<sub>2</sub> 23<sup>1</sup>/<sub>4</sub> 30 -7<sup>2</sup>/<sub>4</sub> Jones Med 0.16 37 4468 30<sup>1</sup>/<sub>2</sub> 23<sup>1</sup>/<sub>4</sub> 30 -7<sup>2</sup>/<sub>4</sub> JSS Re 1.40 18 20 447, 447, 447, 4<sup>1</sup>/<sub>2</sub> Jeno Lig 0.32 14 121 18<sup>1</sup>/<sub>2</sub> 16<sup>2</sup>/<sub>6</sub> 16<sup>1</sup>/<sub>2</sub> +7<sup>2</sup>/<sub>6</sub> Jesto 0.18 15 488 at 4<sup>1</sup>/<sub>4</sub> 13<sup>7</sup>/<sub>6</sub> 14<sup>1</sup>/<sub>4</sub> +<sup>1</sup>/<sub>4</sub> Warmtsch 38 328 111 1976 1114 Uniformia 31 20 212 212 212 112 Uniformia 31 9 212 212 212 212 213 US Gallul 36 371 305 3012 3014 114 Whethlite 1.08 1813532 633<sub>8</sub> 617<sub>8</sub> 62<sub>18</sub> -1<sup>1</sup>4 Whatshook 0.31 18 222 24<sup>1</sup>2 23<sup>1</sup>2 24<sup>1</sup>2 +<sup>2</sup>8 15 85 367g 36 552g 12 0.02 17 488 3612 367g 3612 -12 464 11 167g 11 250 1014 101g 1814 -13 20 34 3312 3314 3312 -23 2100 16 67g 18 14 -14 Plane Příhodá WD-40 1.28 21 232 29<sup>1</sup>4 28<sup>1</sup>2 29 +<sup>1</sup>8 Werner En 0.19 19 430 21<sup>2</sup>4 21<sup>1</sup>4 21<sup>5</sup>8 -<sup>1</sup>4 9 20 8 9 9 +18 Vectors 223 20% 22% 30% 4% Vectors 5024 30% 30% 30% 30% 30% 4% WEET: 1.12 20 20 13% 13% 13% 13% 13% 4% Procesk x 0.68 6 45 21 201 201 -15 Complete 1280 45 542 55 - 45 Complete 1280 45 542 55 - 45 Complete 1280 45 542 55 - 45 Complete 1280 45 547 55 - 45 Complete 1280 45 547 55 - 45 Complete 1280 35 35 35 35 35 - 35 1280 35 35 35 35 35 - 45 Water Bro x1.04 25 117 82% 81% 82% WestpSSA 21 918 41<sup>3</sup>4 41 41<sup>1</sup>8 -<sup>1</sup>8 WestsA<del>\$</del> 18 6948 21<sup>1</sup>2 20<sup>3</sup>8 21<sup>3</sup>8 +<sup>1</sup>2 - K -1802. 14, 13, 13, 13, Application 7 302 1012 1814 1012 18 Mymerck 18 15 15 15 🚡 K Swiss 0.08179 5 161g 161g 161g WmeSonoma 39 2960 463 433 451 +3 Kerman Cp 0.44 27 585 16<sup>1</sup>2 16<sup>1</sup>2 16<sup>1</sup>2 Kelly Sv 0.60 19 255 32 31<sup>1</sup>2 32 -<sup>1</sup>8 Woldtan L 0.20 12 33 1214 1214 1214 Cracker 9 0.02 26 6438 31 % 30 % 81 % - 1 Credited 1218034 22 % 21 % 22 % - 1 47 5246 46% 45% 46% -1 28 20 41% 41% 41% -1 1943625 36 34% 35% -1 46145 32% 3112 3258 1.18 15 216 44% 42% 44% +4 Writings 0.52 19 3065 19 1858 1634 72 845 8 55 8 +14 37 324 154 154 154 4 Otani Food 8022300 745 885 745 +154 20 3 3 5 1 1812541 17<sup>1</sup>2 183 17<sup>1</sup>6 1 RATe Darriem WET ADR 0.29 21 52 481 455 4618 Curp Wyman-Gas 0.46 36 1775 28 27% 2712 -2 330 10<sup>1</sup>c 19 10<sup>1</sup>g | Koli A 5007 28<sup>5</sup>g 27<sup>3</sup>c 28<sup>7</sup>g - <sup>3</sup>g | Konsopi 2074 4<sup>1</sup>g 4 4 - <sup>1</sup>g | Yosicus Quickşilv Quinties 19 603 32 3012 3112 -16 Carte 184 5045 8234 7932 81 -2 10820 51 48 51 +18 -X-Y-Z-Have your FT hand delivered in 3622957 54 51 52<sup>1</sup>8 -1<sub>8</sub> - R -2417455 15<sup>1</sup>4 14<sup>1</sup>8 14<sup>1</sup>2 ·1<sup>2</sup>6 2947 6<sup>1</sup>8 6<sup>1</sup>8 6<sup>2</sup>6 -<sup>2</sup>6 5120 56<sup>1</sup>8 53<sup>1</sup>8 55<sup>1</sup>8 -<sup>2</sup>6 14 276 18% 18 18 3 845 2 81% 1% 3 | Lizbone x | 1,72 k3 | 44 k6 kg | 15 kg | 19 + 14 | Relbys | 14 776 k6 kg | 18 10 - 28 | | Lizbone x | 1,72 k3 | 44 k6 kg | 15 kg | 19 + 14 | Relbys | 845 | 2 81 kg | 13 kg | | Lizbone x | 1,75 kg | | Lizbone x | 1,75 kg | | Lizbone x | 1,75 kg | | Lizbone x | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | | Lizbone x | 1,75 kg | 1,75 kg | 1,75 kg | Xama Corp Yahoo Yallow York Rach 2073 29 281, 285, +14 18 916 6le 15le 6le 16 Zionelitah 0.46 19 365 3512 3472 3512 03.044 26 405 20% 20% 20% - 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Hand delivery services are available for all subscribers in the business US\$28.125 -0.75 Actividad Amerik Systems Chemister Debessir Holdings Dr Solemod ADS EDJP TAS Espit Telecon ADS Innogratics 34 11 75 Dig Syst Diener Co 19 20 13½ 13½ 13½ 13½ 13 22 273 47½ 45½ 47 -2 centres of Lisbon, Oporto, the Algarve and in Funchal. Please call +351 01 840 82 84 or fax | USS2.673 | 8 | 8.25 | 2.875 | 11.125 | 2.825 | 11.125 | 2.825 | 11.125 | 2.825 | 11.125 | 2.825 | 11.125 | 2.825 | 11.125 | 2.825 | 11.125 | 2.825 | 11.125 | 2.825 | 11.125 | 2.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 | 12.825 8.125 11.125 8.25 16 18 7 15 45 28.375 16.875 9 125 6.8375 12.25 5.375 US\$10.625 US\$21.75 Marcer (at ) -0.25 +0.125 -25 -20 +0.05 25.125 21.625 6.125 3.375 1443 900 3363 3065 4.05 3.73 Macos pa i Mil. Ptr'lech Schoeller-Bleckmann Topcall Inf'i Eurbodyne Technol. +351 01 8404579 for more information. Dode You 2275 13 1212 13 +14 Doder St. 0.20 35 2370 40% 38% 40% +14 US\$3.5 Sch1418 Sch3118 US\$4.05 750 125520 2500 0.72 18 21 125 1312 135 14 36 703 551 54 54 18 558 184 183 1812 14 Financial Times. World Business Newspaper. Dray SD 0.2482 156 US\$4 45 46\$4 +2\$4 Drug Braco 51 57 45 44 45 +3\$ Derivan 0.55 15 20 35\$2 35\$2 35\$2 Prices for 22957 Pieses note that mid prices are now used to esculate highe and loss, information about EASDAQ can be found on the Web see a http://www.EASDAQ.com.be.EASDAQ offices are inclosed in Brussele (fet. 35-27.257.65.20) and in London (fet. 44-1717.489.9800)

#### Netanyahu in Japan

25

Benjamin Netanyahu, the Israeli prime minister, hegins a week-long visit to Japan and South Korea to discuss the Middle East peace process and hilateral relations with political and husiness leaders. His priority, however, will be to drum up more investment for his country and expand trade relations with Tokyo, which has been reluctant to deepen ties with Israel at the expense of its close links with oil-producing Arab states. Japan depends heavily on Middle East oil imports. Mr Netanyahu, who is leading a large Israeli husiness delegation, will meet Ryutaro Hashimoto, the Japanese prime minister, today and speak to the country's leading husiness association, the Keidanren. He will travel to Seoul on Wednesday, where he will meet Kim Young-sam, the president, and Koh Kun, the prime minister, as well as business leaders.

#### IMF tackles Albania

An International Monetary Fund mission is due to hold talks in Tirana on emergency funding for Albania's new Socialist-led coalition government. But Prime Minister Fatos Nano will bave to launch a tough stabilisation programme before negotiations can start on a new medium-term IMF loan for Albania. The talks will focus on regulating the pyramid savings schemes that collapsed in January. triggering widespread violence and economic chaos. The Nano government is trying to restore order following a Socialist landslide at last month's general election. But it faces pressure to compensate savers who lost an estimated 81.2hn in the fraudulent schemes.

#### Chinese network



More than 1,200 delegates bave descended on Vancouver for the fourth World Chinese Entrepreneurs Convention (to 281. The convention

serves as a venue for the Chinese business community to establish global networks, explore potential ventures and address important issues facing the community. It will be the first time the hiennial event is held outside Asia. Key delegates include Mr Zheng Wan Tong, a member of the political consultative committee of the People's Republic of China, Mr Jing Shuping, chairman of the All-China Federation of industry & Commerce, and Mr Stan Shih, chief executive of Acer, the Talwanese computer manufacturer.

#### Nordic security talks

Ministers and diplomats from eight Nordic and Baltic rim countries meet in Helsinki for a two-day congress on regional security. The meeting, organised by the Nordic Council, will



discuss the implications of Nato enlargement for the Baltic Sea region as well as ways of minimising the risk of armed conflict. The talks, to be opened by Finnish prime minister Paavo Lipponen, will also cover economic co-operation, pollution and the problem of unsafe nuclear power stations.

#### Li Peng visits Singapore

Li Peng, China's premier, is in Singapore on the second leg of bis two-nation trip in Southeast Asia. He is due to meet Gob Chok Tong, the prime minister, and Lee Kuan Yew, the senior minister in Singapore's cabinet. Mr Li is using his trip in Southeast Asia the visited Malaysia last week) to build relations with the nine-nation Association of South East Asian Nations and promote a "new political and economic order" in which poorer countries are not hullied by the more wealthy, Although he does not mention the US by name. It is clear Mr Li is seeking to balance Washington's power in the region by engaging Asean.

#### Politburo trial verdict

Berlin's district court is expected today to issue a verdict in the trial of three former members of the East Cerman Politburo on charges of manslaughter in connection with the killing of people along the border which once divided the two Germanies, If found guilty, the three men, Egon Krenz, Günter Schabowski and Günther Kleiber, face sentences of up to nine years in prison. Mr Krenz, who in 1989 succeeded Erich Honnecker as first secretary of the SED, the East German communist party, has denied personal responsibility and said the trial was a case of "victor's justice".

#### **UN hears Cuban claim**

Members of the UN biological weapons convention meet in Geneva to consider Cuban accusations of "biological aggression" by the US. Havana claims a US crop-spraying aircraft last October deliberately released a damaging pest known as thrips palmi over Cuba. The insect, hitherto unknown in Cuba, ravages many types of crop and is resistant to a wide variety of pesticides. Washington denies the charge. The UN convention, ratified by 138 states, prohibits the production and use of biological weapons hut contains no mechanism for international verification.

#### Taiwan's new cabinet

Taiwan will this week appoint a new cabinet during the ruling Nationalist party's 15th party congress. The move follows the resignation last week of the premier. Lien Chan. The new cabinet will be headed by Vincent Siew. a parllamentary legislator who has held the posts of economic planning minister and minister for China affairs. The cahinet reshuffle is likely to include the defence, foreign affairs and deputy premier posts. Economy, finance and central bank are expected to remain. The new calinet will focus on improving ties with rival China, law and order and economic growth.

#### Canberra agenda

概整: The Control of t

Australian federal politicians return to Canberra today after a two-month parliamentary break, John Howard, prime minister, has pushed income and indirect tax reform to the top of the agenda. Other issues due to come up in the session are amendments to the Native Title Act and a policy on

industry, especially a decision on tariffs for the textile, clothing and

#### Golf

New York Open (to September 7).

Public holidays Summer bank boliday in the UK bnt

#### not Scotland. TUESDAY

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#### El Niño looms large

The effect of El Niño weather system on the world's climate will be one of the main themes of an international climate conference that starts today in Geneva (to August 28). The World Meteorological Organisation, one of the conference sponsors, says this year's El Niño is shaping up to be the most important climate event of the century. The impact of El Niño, an abnormal surface temperature rise of the tropical Pacific, is already heing felt in South America and east Asia. Researchers say the final consequences are likely to surpass those of the 1982-83 El Niño which severely affected crop production worldwide.

#### WEDNESDAY 27

#### Japan-Singapore talks

Goh Chok Tong, Singapore's prime minister, arrives in Japan for a four-day visit to discuss hilateral relations and regional issues ahead of the Japan-Asean summit in Malaysia in December. Mr Goh, one of the most active leaders in the Association of

South East Asian Nations, will meet Ryutaro Hashimoto, Japan's prime minister on Friday. The two are expected to talk about the recent currency crisis in Thailand and other Southeast Asian markets and regional concerns about the strength of Japan's commitment to help prevent further currency havoc.

#### Venice on screen



Film buffs will be descending on Venice for this year's film festival which has already pronounced that the emphasis is

going to be on top quality, not top names. The festival (to September 6) organisers have emphasised that it is not just for the photographers. Having said that among the top names on the hill will be Demi Moore, Woody Allen and Emma. The few star-filled productions are Woody Allen's Deconstructing Harry, with Demi-Moore, Robin Williams and the director himself, Mike Figgis' One Night Stand with Nastassja Kinski and Wesley Snipes, and Alan Rickman's The Winter Guest with Emma Thompson.

#### Cook in Southeast Asia

Robin Cook, the UK foreign secretary, is due to pay a two-day official visit to Malaysia at the start of a Southeast Asian tour which will take in Indonesia, the Philippines and Singapore. Mr Cook, on his first visit to the region since the Labour Party took power, will deliver a key speech in Kuala Lumpur which will set out strands of UK policy toward Southeast Asia. He is expected to discuss with regional leaders Asean's diplomatic efforts to promote stability in Cambodia since a recent coup in that country. He also intends to discuss efforts to promote reform in Burma.

#### China trade talks

Japanese and Chinese negotiators to begin three-day talks in Tokyo on issues related to Beijing's hid to join the World Trade Organisation. Japan's support for China's application is crucial.

Show jumping

European show jumping champlonships (to August 31). Mannheim, Germany,

#### THURSDAY 28

#### **Bonn-Paris meeting**

Progress towards European monetary union will he the focus of a meeting in Bonn between Helmut Kohl, German chancellor, and Lionel Jospin, the new French prime minister. Relations between the two countries have been ruffled in recent months as Bonn viewed with concern an apparent softening in France's determination to meet exactly the financial criteria set

for members of the proposed Euro currency block. Mr Rohl may well see the meeting as an opportunity to reinforce the Bonn/Paris relationship.

#### FRIDAY

#### **Tokyo textbook ruling**

years ago by a leading historian.
Saburo lenaga. Mr lenaga, now 83, filed a damages suit against the government in 1984 over revisions made to school exts he authored in particular, ensorship of items dealing with panese atrocities in China in the los. Mr lenaga is seeking Y2m in upensation for the mental anguish sed by the revision of his species. caused by the revision of his texts, and
has specifically challenged eight of
more than 400 revisions demanded by more than 400 revisions demanded by the Education Ministry to his textbooks between 1980 and 1983. Among them is the ministry's deletion of a passage stating that Japanese soldiers killed large numbers of Chinese civilians and soldiers and "not a few" Japanese officers and soldiers raped Chinese women.

#### WEEKEND 30 - 31

#### Sudan peace bid

Omar el-Bashir, president of Sudan, plans to meet John Garang, leader of the rebel Sudan People's Liberation Movement, on Saturday in a bid to end the country's 14 year-old civil war. The talks will be hosted in Pretoria by Nelson Mandela, the South African president, and Yoweri Museveni. the Ugandan president. Mr Museveni, a staunch critic of the Bashir regime, was instrumental in supporting the rebel forces which toppled Mohutu Sese Seko, the former Zafrean despot earlier this year. His participation in Mr Mandela's mediation effort has raised hopes Mr Garang will attend the meeting.

#### Rocking on



Elvis is back again. This time Bonhams the London auctioneers, is on Saturday offering Presley. fans one of the largest collections of

his possessions, stage suits and memorabilia to be collected in one sale. The sale features the collection of Paul Lichter, the Elvis fan, author and collector, and includes two of the pop star's most lavish stage suits. The Peacock suit is expected to fetch between £90-000-£120,000 and the Turquoise Phoenix suit £80,000-£90,000. The auction will be held simultaneously, via a live satellite link, at the Hard Rock Cafe, Berlin.

Compiled by Bob Vincent Fax: (+44) (0)171 873 3194.

#### Other economic news

Monday: US existing home sales are thought to have rebounded last month after June's decline. The Swedish trade balance is forecast to have changed little last month.

Tuesday: US durable goods orders are not expected to have risen as quickly last month as they did in June. as aircraft orders subsided. US consumer confidence is thought to bave remained high in July.

Wednesday: Britain's trade deficit with the rest of the world is forecast to have widened in June, although the non-EU deficit should have declined in the following month.

Thursday: US gross domestic product growth is expected to he revised upwards from the annualised 2.2 per cent provisionally estimated for the second quarter. Growth in the Netherlands is meanwhile thought to have accelerated between the first and second

Friday: The French unemployment rate is thought to have unchanged in July, Personal income growth in the US is thought to have slowed in July.

#### Statistics to be releas

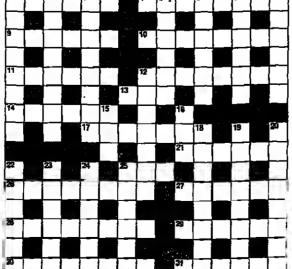
Day Released	Country	Economic Statistic	Median Forecast	Previous Actual	Day Released	Country	Economic Statistic	Modian Forecast	Previous Actual
Mon	France	July consumer price index final*	-0.2%	-0.2%		US	Initial claims 23 August		337K
Aug 25	France	July consumer price index final**	1.0%	1.0%		Canada	June fix-weight employee earnings	0.7%	0.0%
	Germany	August Hesse cost of living*	0.0%	0.5%		US	M2 - wk ended 18 August		\$5.0bn
	Germany	August Hesse cost of living"	1.7%	1.6%		Neths	Q2 gross domestic product prelim***	2.5%	-0.5%
	Sweden	June trade balance	SKr9ton	SKr13.6bn		Neths	Q2 gross domestic product pretim**	3.2%	2.1%
	Germany	August prelim cost of living West*	-0.05%	0.4%R	Fri	Japan	Aug consumer price Index (Tokyo)™	1.6%	1.4%
	Germany	August prelim cost of living West**	1.8%	1.7%R	Aug 28	Japan	July consumer price index (nation)**	1.7%	2.2%
Tues	us	July durable orders	+0.2%	2.3%		Japan	July CPI (nation) ex-perishables"	1.8%	2.0%
Aug 26	us	July durable shipments		1.8%	,	Japan	July Unemployment rate	3.5%	3.5%
	Canada	July department store sales"	10.4%	10.4%		Japan	July industrial production SA	1.2%	3.2%
Wed	UK	June global visible trade	-£890m	-£508m		France	July unemployment rate	12.6%	12.6%
Aug 27	UK	July ax-EU visible trade	-£638m	-£713m		France	June industrial production SA*	0.5%	-1.6%
<del>-</del>	UK	July UK harmonised con price index		1.7%		France	June industrial prod-ex energy	0.7%	-1.7%
	Canada	Industrial production price index*	-0.1%	-0.2%		Italy	O2 pre@mlnary gross domestic prod	0.8%	-0.2%
	Canada	July raw materials price index	-0.5%	-2.3%		US	July personal income		0.3%
	Japan	Aug wholesale price ind (2nd 10 days)		0.0%		Canada	Q2 reat gross domestic prod***, SA	4.4%	3.4%
Thurs	A'tralia	O2 current account balance	-A\$2,9bn	A\$4.6bn		US	July new home sales	812K	819K
Aug 28	A'tralia	O2 private new capital expenditure	2.3%	6.5%	During t	he week			.41
	France	June trade balance SA	FFr14bn	FFr16.5bn		Japan	July supermarket sales**		-5.1%
	Thailand	June exports-BOP**		0.7%		Japan	July dept store sales**		-4.7%
	Thalland	June Imports-BOP**		-10.2%		Germany	July icon consumer climate		91.0
	Thedand	July M2*		14.2%		Germany	June trade balance	DM10.0bn	DM9.8bn
	us	Q2 gross domestic product preliminary	+3.3%	2.2%		Germany	June current account	DM1.0bn	DM-2.5bn
	US	O2 gross domestic product price index	+1.4%	1,4%		Italy	June total bank lending		2.4%
-	US	O2 after tax corporate profit	+2.2%	2.9%	*month on mo	onth, "year on	year, ""qtr on qtr, fseasonally adjusted S	tatistics, Standar	d & Poor's MMS.

#### **ACROSS**

- 1 Lower or upper garment (6) 4 Co-operation shown by players with practice (8) 9 Withdraw from the general
- retreat (6) 10 Spoils Worcestershire open-
- er's time at the crease (8)
  II It's still not making you
- 12 One reeks terribly of paraf-13 Man's chains can be cast
- 12 There's pleasure after the 14 Rental adjusted for the head branch (61
- 17 Is splitting the country, but facing the facts (7)
  21 Worked in fields, but got
- laid off (6) 25 A deity to follow in retreat
- (3) 26 Court awards fortune to
- railway (8) 27 Ten-foot sea midget (6) 28 Shocked when dismissed
- fied with St Francis (6)

to look (3.3.3) 31 She turned to stone (6)

- I One in jam bere sadly is a doleful character (8)
- 2 Make a fresh appearance 3 Technician born in a dis-
- turbed reign (8) 5 No longer lies about being
- outcasts (6) Guide team over the hill (6) 7 Cats required - there are sixteen in the pound (6) 8 Musical destiny (6)
- game but he spoilt it (7) 15 Traveller in cloth? (3) A quiet wood 13)
- 18 Wielding the mop is the devil (8) 19 Double gin and It. drunk producing a glow? (8)
- 20 Acceptance of notice before election (8) 22 Artistic group in Rugby? (6) 23 A good man in the mine, hut too old for the job now-
- hy newspaper boss (8)
  28 Part of the mass is identi24 Wild capers may get you into one (6) 30 I need to think, and I want 25 Fat, it is said, of the land



WINNERS 9,450: Julie Peacock, Learnington Spa; Mrs M. Callaghan, Malvern, Worcestershire; C.A. Sanderson, London W1; J. Ridley, Woodhall Spa. Lincolnshire.

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Solution 9,450





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